

LEGISLATIVE DEPARTMENT, STATE OF COLORADO
FINANCIAL AUDIT REPORT
YEARS ENDED JUNE 30, 2005 AND 2004

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LEGISLATIVE DEPARTMENT, STATE OF COLORADO

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LEGISLATIVE DEPARTMENT, STATE OF COLORADO

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LEGISLATIVE DEPARTMENT, STATE OF COLORADO

REPORT SUMMARY

YEARS ENDED JUNE 30, 2005 AND 2004

Authority:

This audit was conducted under Section 2-1-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. A contract exists by and between the State of Colorado, through the State Auditor and the Legislative Audit Committee, and GHP Horwath, P.C. (“GHP” or the “Contract Auditors”), whereby the audits of the Legislative Department, State of Colorado (the “Department”) for the fiscal years ended June 30, 2005 and 2004 were performed by GHP.

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, 2005 and 2004, 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 September 9, 2005, 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, 2005 and 2004, and the changes in 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 September 9, 2005, 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*.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

REPORT SUMMARY (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

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 no audit adjustments were required, and there were no difficulties encountered in performing the audits.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

DESCRIPTION OF THE LEGISLATIVE DEPARTMENT

YEARS ENDED JUNE 30, 2005 AND 2004

LEGISLATIVE DEPARTMENT AGENCY DESCRIPTIONS:

General Assembly:

Colorado's State Legislature is called the General Assembly. The Colorado Constitution grants the law-making 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. Article V, Section 3 of the Colorado Constitution, as amended, limits 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 and the engrossing and enrolling procedures related to legislation, 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.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

DESCRIPTION OF THE LEGISLATIVE DEPARTMENT (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

LEGISLATIVE DEPARTMENT AGENCY DESCRIPTIONS (CONTINUED):

Joint Budget Committee (continued):

The committee members are 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 and 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.

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, bills, 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 hires 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 the members of the General Assembly to serve for a term of five years. The State Auditor must be a certified public accountant licensed 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 of political subdivisions as required by law. In addition, the State Auditor conducts special audits of any department, institution, or agency requested by the Governor or the General Assembly upon approval by a majority vote of the Legislative Audit Committee.

The Legislative Audit Committee consists of four members from the Senate, two from each major political party, and four members from the House, two from each major political party.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

DESCRIPTION OF THE LEGISLATIVE DEPARTMENT (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

LEGISLATIVE DEPARTMENT AGENCY DESCRIPTIONS (CONTINUED):

Office of Legislative Legal Services:

The Committee on Legal Services consists of ten members of the General Assembly. 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.

Reapportionment Commission:

The Reapportionment Commission is appointed every ten years to reapportion the state legislative districts on the basis of the census performed by the U.S. Census Bureau. 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 2004 or 2005.

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, 2005 and 2004, as shown on pages 14 through 32. These financial statements are the responsibility of the 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 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. We believe that our audits provide a reasonable basis for our opinion.

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 Department, as of June 30, 2005 and 2004, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund and the special revenue funds 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 September 9, 2005, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 8 through 13 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, 2005 and 2004, 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.

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 33 through 39, 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.

A handwritten signature in cursive script that reads "GHP Hewitt, P.C.".

September 9, 2005

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2005 AND 2004

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 fiscal years ending June 30, 2005 and 2004, and it should be read in conjunction with the financial statements, which begin on page 14. 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 Reapportionment Commission, when active.

Using This Report:

This financial report consists of financial statements for the fiscal years ended June 30, 2005 and 2004. 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 four governmental funds: the General Fund, and three Special Revenue Funds.

Governmental Funds - All of the Department's operations and 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 16-19 to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 14-15 of this report.

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED):

Department Financial Statements (continued):

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 20-32 of this report.

Supplemental Information:

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

FINANCIAL ANALYSIS:

General Fund:

Condensed Combined Balance Sheet – General Fund

	2005	2004	2003
Total Assets	\$ 1,693,377	\$ 1,083,144	\$ 665,638
Total Liabilities	3,158,260	2,512,651	2,183,252
Fund Balance	\$ (1,464,883)	\$ (1,429,507)	\$ (1,517,614)

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

	2005	2004	2003
Total Appropriations and Revenue	\$ 30,109,283	\$ 29,199,520	\$ 31,005,393
Total Expenditures	26,841,539	26,713,415	27,423,767
Excess (Deficiency) of Appropriations and Revenues over Expenditures	3,267,744	2,486,105	3,581,626
Total Other Financing Sources (Uses)	(3,303,120)	(2,397,998)	(5,099,240)
Excess (Deficiency) of Appropriations and Revenues over Expenditures and Other Financing Sources (Uses)	(35,376)	88,107	(1,517,614)
(Deficit) Fund Balance - Beginning of Year	(1,429,507)	(1,517,614)	-
(Deficit) Fund Balance - End of Year	\$ (1,464,883)	\$ (1,429,507)	\$ (1,517,614)

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

FINANCIAL ANALYSIS (CONTINUED):

General Fund (continued):

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, 2004 and June 30, 2005 the Department's total General Fund assets increased by \$610,233. During this same period, total General Fund liabilities increased by \$645,609.

Between June 30, 2003 and June 30, 2004 the Department's total General Fund assets increased by \$417,506. During this same period, total General Fund liabilities increased by \$329,399.

The Department's General Fund had deficit fund balances as follows: \$1,464,883 at June 30, 2005, \$1,429,507 at June 30, 2004, and \$1,517,614 at June 30, 2003. 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, 2005 were \$715,106, a 17.4 percent increase over the year ended June 30, 2004, primarily due to an increase in audit reimbursements. General Fund expenditures for the year ended June 30, 2005 were \$26,841,539, an increase of 0.5 percent over the year ended June 30, 2004. Other financing uses increased by \$905,122, due to increased reversions of unexpended appropriations and appropriation rollforwards, and a reduction in operating transfers out.

The Department's General Fund Revenues for the year ended June 30, 2004 were \$608,948, a 14.6 percent decrease from the year ended June 30, 2003, primarily due to a decrease in audit reimbursements. General Fund expenditures for the year ended June 30, 2004 were \$26,713,415, a 2.6 percent decrease from the year ended June 30, 2003. Other financing uses decreased by \$2,701,242, or 53 percent, due to reductions in operating transfers out, and reversions of appropriations and non-augmenting revenue.

Special Revenue Funds:

Condensed Combined Balance Sheet – Special Revenue Funds

	2005	2004	2003
Total Assets	\$ 1,334,413	\$ 1,747,368	\$ 748,091
Total Liabilities	4,994	317	256
Fund Balance	\$ 1,329,419	\$ 1,747,051	\$ 747,835

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

FINANCIAL ANALYSIS (CONTINUED):

Special Revenue Funds (continued):

**Condensed Combined Statement of Appropriations, Revenues, Expenditures and Changes in Fund
Balance – Special Revenue Funds**

	2005	2004	2003
Total Appropriations and Revenue	\$ 43,769	\$ 7,699	\$ 79,305
Total Expenditures	953,723	485,129	1,504,965
Excess (Deficiency) of Appropriations and Revenues over Expenditures	(909,954)	(477,430)	(1,425,660)
Total Other Financing Sources (Uses)	492,322	1,476,646	1,953,000
Excess (Deficiency) of Appropriations and Revenues over Expenditures and Other Financing Sources (Uses)	(417,632)	999,216	527,340
Fund Balance - Beginning of Year	1,747,051	747,835	220,495
Fund Balance - End of Year	\$ 1,329,419	\$ 1,747,051	\$ 747,835

The Department has three special revenue funds: the Ballot Information Publication and Distribution Revolving Fund, the Public Buildings Trust Fund and the Legislative Legal Expenses Cash Fund.

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

Between June 30, 2004 and June 30, 2005, the Department's Special Revenue Funds total assets decreased by \$412,955, primarily in the Ballot Information Publication and Distribution Revolving Fund due to increased expenditures. The Special Revenue Fund balances decreased by \$412,632, primarily in the Ballot Information Publication and Distribution Revolving Fund.

Between June 30, 2003 and June 30, 2004 the Department's Special Revenue Funds total assets increased by \$999,277. This increase was primarily due to year-end transfers of unexpended appropriations from the General Fund to the Special Revenue Funds as required by House Bill 04-1369. These transfers totaled \$984,324. The fund balances increased from \$747,835 to \$1,747,051 during this same period, primarily as a result of the transfers of unexpended General Fund appropriations.

For the year ended June 30, 2005 revenues for the Department's Special Revenue Funds were \$43,769, an increase of \$36,070 over the previous fiscal year. This increase was due to increased interest earnings in the Ballot Information Publication and Distribution Revolving Fund. Expenditures for the year ended June 30, 2005 were \$953,723, an increase of 97 percent from the previous fiscal year. This increase was due to higher expenditures in the Ballot Information Publication and Distribution Revolving Fund, due to a higher number of ballot issues allowed by law in odd numbered fiscal years.

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

FINANCIAL ANALYSIS (CONTINUED):

Special Revenue Funds (continued):

For the year ended June 30, 2004 revenues for the Department's Special Revenue Funds were \$7,699, a decrease of 90.3 percent from the prior fiscal year, primarily related to reduced interest earnings in the Ballot Information Publication and Distribution Revolving Fund. Expenditures for the year ended June 30, 2004 were \$485,129, a decrease of 68 percent from the previous fiscal year. This decrease is due to the limited number of ballot issues allowed by law in even numbered fiscal years.

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, and revenue earned from the sale of publications on the history of the State Capitol. 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 2005 General Fund Budgetary Highlights:

The Department's original General Fund appropriations were \$29,268,805. The original budget was amended by one supplemental bill and several special bills. The Department's final General Fund appropriations for Fiscal Year 2005 were \$29,394,177, a 2.8 percent increase over Fiscal Year 2004. Total General Fund expenditures were \$27,298,485, and budget rollforwards to FY 2006 totaling \$154,634 were approved for outstanding commitments at year-end. The remaining budget of \$1,941,058 reverted to the General Fund.

Fiscal Year 2004 General Fund Budgetary Highlights:

The Department's original General Fund appropriations were \$28,214,192. The original budget was amended by several supplemental and special bills. House Bill 04-1369, discussed previously, authorized the year-end transfer of unexpended and unencumbered funds to two of the Department's special revenue funds. The Department's final General Fund appropriations for Fiscal Year 2004 were \$28,590,572, a 5.6 percent decrease over Fiscal Year 2003. Total General Fund expenditures were \$28,262,637, which includes transfers of unexpended General Fund appropriations to two of the Department's special revenue funds in the amount of \$984,324. Unexpended cash and exempt cash appropriations of \$312,404 reverted to the State of Colorado's General Fund.

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

FINANCIAL ANALYSIS (CONTINUED):

Fiscal Year 2003 General Fund Budgetary Highlights:

The Department's original General Fund appropriations were \$34,867,438. The original budget was amended by several supplemental appropriations, including a reduction related to the pay date change for June salaries, required by Senate Bill 03-197, discussed previously. Final General Fund appropriations were \$30,292,469 and actual expenditures were \$27,818,653. Unexpended appropriations in the amount of \$2,473,816 reverted to the State of Colorado's 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, Room 029 State Capitol, Denver, CO 80203.

STATE OF COLORADO - LEGISLATIVE BRANCH
COMBINED BALANCE SHEETS - ALL GOVERNMENTAL FUNDS

JUNE 30, 2005 AND 2004

	<u>2005</u>		<u>2004</u>		<u>Total</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Governmental Funds</u> <u>2005</u>	<u>2004</u>
ASSETS						
Cash	\$ 1,110,052	\$ 1,334,413	\$ 522,227	\$ 1,746,118	\$ 2,444,465	\$ 2,268,345
Accounts receivable	173,774	-	240,617	-	173,774	240,617
Inter/Intrafund receivables	407,868	-	317,247	1,250	407,868	318,497
Prepaid expenses	1,683	-	3,053	-	1,683	3,053
TOTAL ASSETS	<u>\$ 1,693,377</u>	<u>\$ 1,334,413</u>	<u>\$ 1,083,144</u>	<u>\$ 1,747,368</u>	<u>\$ 3,027,790</u>	<u>\$ 2,830,512</u>
LIABILITIES						
Accounts payable	\$ 1,678,496	\$ 4,994	\$ 1,067,613	\$ 317	\$ 1,683,490	\$ 1,067,930
Interfund payable	600	-	-	-	600	-
Accrued liabilities	1,479,164	-	1,445,038	-	1,479,164	1,445,038
TOTAL LIABILITIES	<u>3,158,260</u>	<u>4,994</u>	<u>2,512,651</u>	<u>317</u>	<u>3,163,254</u>	<u>2,512,968</u>
FUND BALANCE						
Reserved for specific purposes	-	1,329,419	-	1,747,051	1,329,419	1,747,051
Unreserved	(1,464,883)	-	(1,429,507)	-	(1,464,883)	(1,429,507)
TOTAL FUND BALANCE	<u>(1,464,883)</u>	<u>1,329,419</u>	<u>(1,429,507)</u>	<u>1,747,051</u>	<u>(135,464)</u>	<u>317,544</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,693,377</u>	<u>\$ 1,334,413</u>	<u>\$ 1,083,144</u>	<u>\$ 1,747,368</u>	<u>\$ 3,027,790</u>	<u>\$ 2,830,512</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
 COMBINED STATEMENTS OF APPROPRIATIONS, REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUNDS

YEARS ENDED JUNE 30, 2005 AND 2004

	2005		2004		Total Governmental Funds	
	General Fund	Special Revenue Funds	General Fund	Special Revenue Funds	2005	2004
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 28,644,050	\$ -	\$ 27,063,281	\$ -	\$ 28,644,050	\$ 27,063,281
Cash Fund and Cash Fund Exempt	750,127	-	1,527,291	-	750,127	1,527,291
Total Appropriations	<u>29,394,177</u>	<u>-</u>	<u>28,590,572</u>	<u>-</u>	<u>29,394,177</u>	<u>28,590,572</u>
Revenue						
Miscellaneous revenue						
Audit reimbursements	664,990	-	562,934	-	664,990	562,934
Interest income	-	38,818	-	3,845	38,818	3,845
Miscellaneous	50,116	-	46,014	-	50,116	46,014
Sale of State Capitol history memorabilia	-	4,951	-	3,854	4,951	3,854
TOTAL APPROPRIATIONS AND REVENUES	<u>30,109,283</u>	<u>43,769</u>	<u>29,199,520</u>	<u>7,699</u>	<u>30,153,052</u>	<u>29,207,219</u>
EXPENDITURES						
Compensation	19,557,935	-	19,185,861	-	19,557,935	19,185,861
Purchased services	3,299,923	8,200	4,170,294	149,055	3,308,123	4,319,349
Operating expenditures	2,983,873	945,523	2,548,928	336,074	3,929,396	2,885,002
Travel and subsistence	774,736	-	720,786	-	774,736	720,786
Capital expenditures	215,101	-	77,575	-	215,101	77,575
Debt service	9,971	-	9,971	-	9,971	9,971
TOTAL EXPENDITURES	<u>26,841,539</u>	<u>953,723</u>	<u>26,713,415</u>	<u>485,129</u>	<u>27,795,262</u>	<u>27,198,544</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>3,267,744</u>	<u>(909,954)</u>	<u>2,486,105</u>	<u>(477,430)</u>	<u>2,357,790</u>	<u>2,008,675</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in (out)	(492,322)	492,322	(1,476,646)	1,476,646	-	-
Authorized General Fund roll forward	(154,634)	-	-	-	(154,634)	-
Reversion of non-augmenting revenue	(715,106)	-	(608,948)	-	(715,106)	(608,948)
Reversion of General Fund appropriation	(1,918,539)	-	-	-	(1,918,539)	-
Reversion of Cash/Cash Exempt appropriation	(22,519)	-	(312,404)	-	(22,519)	(312,404)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,303,120)</u>	<u>492,322</u>	<u>(2,397,998)</u>	<u>1,476,646</u>	<u>(2,810,798)</u>	<u>(921,352)</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(35,376)</u>	<u>(417,632)</u>	<u>88,107</u>	<u>999,216</u>	<u>(453,008)</u>	<u>1,087,323</u>
FUND BALANCE, BEGINNING OF YEAR	<u>(1,429,507)</u>	<u>1,747,051</u>	<u>(1,517,614)</u>	<u>747,835</u>	<u>317,544</u>	<u>(769,779)</u>
FUND BALANCE, END OF YEAR	<u>\$ (1,464,883)</u>	<u>\$ 1,329,419</u>	<u>\$ (1,429,507)</u>	<u>\$ 1,747,051</u>	<u>\$ (135,464)</u>	<u>\$ 317,544</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (BUDGET BASIS)

YEAR ENDED JUNE 30, 2005

	Legislative Appropriations Bill	Long Appropriations Bill	Roll Forward Appropriations	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES								
Appropriations								
General Fund						\$ 28,644,050	\$ 28,644,050	\$ -
Cash Fund and Cash Fund Exempt						750,127	750,127	-
Total Appropriations						<u>29,394,177</u>	<u>29,394,177</u>	<u>-</u>
Revenues								
Miscellaneous revenue								
Audit reimbursements						-	664,990	664,990
Miscellaneous						-	50,116	50,116
TOTAL APPROPRIATIONS AND REVENUES						<u>29,394,177</u>	<u>30,109,283</u>	<u>715,106</u>
EXPENDITURES BY APPROPRIATION								
General administration	\$ 26,822,897	\$ -				26,822,897	24,828,475	1,994,422
Authorized General Fund roll forward from FY 2003-04			\$ 15,531			15,531	15,531	-
Property tax study	-	700,000				700,000	619,826	80,174
Cost of living study						-	-	-
Welfare reform evaluation						-	-	-
Capitol complex leased space	-	1,110,220		95,087		1,205,307	1,205,307	-
Ballot analysis - operating transfer out	-	492,322				492,322	492,322	-
Tobacco settlement audit	87,701	-				87,701	87,701	-
Legal services	-	11,575				11,575	11,348	227
Mental Illness in the Criminal Justice System				21,826		21,826	1,557	20,269
Early Childhood and School Readiness Commission				600		600	-	600
Purchase of services from computer center	-	13,934		(5,422)		8,512	8,512	-
Workers' compensation	-	22,733		742		23,475	23,475	-
General liability / property insurance	-	7,423		(2,992)		4,431	4,431	-
TOTAL EXPENDITURES BY APPROPRIATION	<u>26,910,598</u>	<u>2,358,207</u>	<u>15,531</u>	<u>109,841</u>	<u>-</u>	<u>29,394,177</u>	<u>27,298,485</u>	<u>2,095,692</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS						<u>-</u>	<u>2,810,798</u>	<u>2,810,798</u>
OTHER FINANCING SOURCES (USES)								
Reversion of non-augmenting revenue						-	(715,106)	(715,106)
Reversion of General Fund appropriation							(1,918,539)	(1,918,539)
Reversion of Cash/Cash Exempt appropriation						-	(22,519)	(22,519)
Authorized General Fund roll forward							(154,634)	(154,634)
TOTAL OTHER FINANCING SOURCES (USES)						<u>-</u>	<u>(2,810,798)</u>	<u>(2,810,798)</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>

STATE OF COLORADO - LEGISLATIVE BRANCH
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (BUDGET BASIS)

YEAR ENDED JUNE 30, 2004

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriations							
General Fund					\$ 27,063,281	\$ 27,063,281	\$ -
Cash Fund and Cash Fund Exempt					1,527,291	1,527,291	-
Total Appropriations					<u>28,590,572</u>	<u>28,590,572</u>	<u>-</u>
Revenues							
Miscellaneous revenue							
Audit reimbursements					-	562,934	562,934
Miscellaneous					-	46,014	46,014
TOTAL APPROPRIATIONS AND REVENUES					<u>28,590,572</u>	<u>29,199,520</u>	<u>608,948</u>
EXPENDITURES BY APPROPRIATION							
General administration	\$ 25,477,949	\$ -			25,477,949	25,459,383	18,566
Property tax study	-	650,000		-	650,000	650,000	-
Cost of living study			182,000	-	182,000	147,800	34,200
Welfare reform evaluation	500,000	-		-	500,000	404,781	95,219
Capitol complex leased space	-	947,574	94,951	-	1,042,525	1,042,525	-
Ballot analysis - operating transfer out	-	492,322		-	492,322	492,322	-
Tobacco settlement audit	103,757	-	98,743	-	202,500	22,550	179,950
Legal services	-	11,429		-	11,429	11,429	-
Health Care Task Force			2,791	-	2,791	2,791	-
Purchase of services from computer center	-	13,538	(1,347)	-	12,191	12,191	-
Workers' compensation	-	10,243		-	10,243	10,243	-
General liability / property insurance	-	7,380	(758)	-	6,622	6,622	-
TOTAL EXPENDITURES BY APPROPRIATION	<u>26,081,706</u>	<u>2,132,486</u>	<u>376,380</u>	<u>-</u>	<u>28,590,572</u>	<u>28,262,637</u>	<u>327,935</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>936,883</u>	<u>936,883</u>
OTHER FINANCING SOURCES (USES)							
Reversion of non-augmenting revenue					-	(608,948)	(608,948)
Reversion of Cash/Cash Exempt appropriation					-	(312,404)	(312,404)
Rollforward appropriation to FY 2004-05						(15,531)	(15,531)
TOTAL OTHER FINANCING SOURCES (USES)					<u>-</u>	<u>(936,883)</u>	<u>(936,883)</u>
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)					<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR					-	-	-
FUND BALANCES, END OF YEAR					<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUNDS (BUDGET BASIS)

YEAR ENDED JUNE 30, 2005

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Ballot Information and Publication Fund					\$ 492,322	\$ 492,322	\$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	4,951	4,951
Miscellaneous revenue							
Interest income					-	38,818	38,818
Year-end operating transfers in					-	-	-
TOTAL APPROPRIATIONS AND REVENUES					<u>492,322</u>	<u>536,091</u>	<u>43,769</u>
EXPENDITURES BY APPROPRIATION							
Ballot analysis - operating transfer in	\$ -	\$ 492,322		\$ -	492,322	944,351	(452,029)
Public building	-	-	-	-	-	9,372	(9,372)
TOTAL EXPENDITURES BY APPROPRIATION	<u>-</u>	<u>492,322</u>	<u>-</u>	<u>-</u>	<u>492,322</u>	<u>953,723</u>	<u>(461,401)</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>(417,632)</u>	<u>(417,632)</u>
FUND BALANCES, BEGINNING OF YEAR					<u>-</u>	<u>1,747,051</u>	<u>1,747,051</u>
FUND BALANCES, END OF YEAR					<u>\$ -</u>	<u>\$ 1,329,419</u>	<u>\$ 1,329,419</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUNDS (BUDGET BASIS)

YEAR ENDED JUNE 30, 2004

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Ballot Information and Publication Fund					\$ 492,322	\$ 492,322	\$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	3,854	3,854
Miscellaneous revenue							
Interest income					-	3,845	3,845
Year-end operating transfers in					-	984,324	984,324
TOTAL APPROPRIATIONS AND REVENUES					<u>492,322</u>	<u>1,484,345</u>	<u>992,023</u>
EXPENDITURES BY APPROPRIATION							
Ballot analysis - operating transfer in	\$ -	\$ 492,322		\$ -	492,322	477,596	14,726
Public building	-	-	-	-	-	7,533	(7,533)
TOTAL EXPENDITURES BY APPROPRIATION	<u>-</u>	<u>492,322</u>	<u>-</u>	<u>-</u>	<u>492,322</u>	<u>485,129</u>	<u>7,193</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>999,216</u>	<u>999,216</u>
FUND BALANCES, BEGINNING OF YEAR					-	747,835	747,835
FUND BALANCES, END OF YEAR					<u>\$ -</u>	<u>\$ 1,747,051</u>	<u>\$ 1,747,051</u>

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 1 - DEFINITION OF REPORTING ENTITY:

The Legislative Department (or, 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 Governmental Accounting Standards Board (“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.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued):

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.

The Department has the following three special revenue funds:

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 **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. Transactions recorded in this fund on these financial statements reflect only the activity of this special account of the Legislative Department.

The **Legislative Legal 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. The Executive Committee of the Legislative Council may authorize payment of expenses relating to legislative aides and expenses relating to the upkeep and furnishings of space occupied by the Legislative Branch, 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.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 United States 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.
- Payments from the General Fund to the Ballot Information Publication and Distribution Revolving Fund and the Legislative Legal Expenses Cash 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 ending June 30, 2005 and 2004 are as follows:

	<u>2005</u>	<u>2004</u>
Total expenditures, GAAP basis	\$ 26,841,539	\$26,713,415
Reduction (increase) in salaries incurred but unpaid	(35,376)	72,576
Transfers to Ballot Revolving Fund and Legislative Legal Expenses Cash Fund	<u>492,322</u>	<u>1,476,646</u>
Total expenditures, Budgetary basis	<u>\$ 27,298,485</u>	<u>\$28,262,637</u>

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Cash:

The balance in cash at June 30, 2005 and 2004 represents the net year-end effect of transactions between the Legislative Department and the State's General Fund. The balance can be positive, in which case it represents a claim against the unrestricted fund balance of the State General Fund, or negative, in which case it represents the amount to be provided by the Legislative Department appropriations to the unrestricted fund balance of the State General Fund.

The Department deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). 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, 2005 and 2004. 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, available from the State Controller's Office.

D. Capital Assets:

Capital assets are stated at cost, except for those assets contributed, which are stated at the estimated fair market value at the date of contribution. Capital assets are recorded as expenditures in the year of acquisition.

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 \$826,350 at June 30, 2005 and \$1,253,152 at June 30, 2004. 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 \$5,154 at June 30, 2005 and \$9,575 at June 30, 2004. The reserved fund balance in the Legislative Legal Expenses Cash Fund is to be used exclusively for the legal expenses of the Legislative Branch, expenses relating to legislative aides, and expenses relating to the upkeep and furnishings of space occupied by the Legislative Branch. The fund balance in the Legislative Legal Expenses Cash Fund was \$497,915 at June 30, 2005 and \$484,324 at June 30, 2004.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Fund Balance (continued):

At June 30, 2005 and 2004, the General Fund had unreserved deficit fund balances of \$1,464,883 and \$1,429,507, 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.

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, 2005 and 2004 were \$1,479,164 and \$1,445,038, 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 cash exempt funds. The cash funds appropriated to the Department are from sales of publications. Cash exempt funds are transfers from other agencies within the State. These funds are designated as "exempt" because they are exempt from the Taxpayer's Bill of Rights (TABOR) calculations discussed in Note 7. The unspent appropriations are either rolled forward to the next fiscal year with the approval of the State Controller's Office or reverted to the State's General Fund.

The Legislative Department appropriation 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 also specified that \$637,701 of audit revenue was available for expenditure by the Office of the State Auditor. Receipts in excess of that amount were not available for expenditure.

Miscellaneous revenue consists of charges in excess of \$637,701 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 (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

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 2005 was \$1,341,000 and for Fiscal Year 2004 was \$834,174. These amounts are not reflected in audit reimbursement revenue.

As of June 30, 2005 and 2004, the Office of the State Auditor had contract commitments of \$650,610 and \$719,787, 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 2005 and 2004 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 State Controller's Office.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

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. Total operating lease (rent) expense for fiscal years 2005 and 2004 was \$1,439,528 and \$1,234,797, respectively. Future minimum commitments for the capitol complex lease do not exceed one year. Operating leases for equipment expire November 2005 through January 2009, and the future minimum annual rental commitments are as follows:

<u>Years ending June 30,</u>	<u>Minimum lease payments</u>
2006	\$ 230,623
2007	179,820
2008	120,265
2009	<u>5,977</u>
	<u>\$ 536,685</u>

NOTE 9 - CAPITAL 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 39 years.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 9 - CAPITAL ASSETS (CONTINUED):

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	Total
Cost			
Balances, July 1, 2003	\$ 1,029,362	\$ -	\$ 1,029,362
Additions	104,175	-	104,175
Balances, July 1, 2004	1,133,537	-	1,133,537
Additions	132,101	83,000	215,101
Balances, June 30, 2005	1,265,638	83,000	1,348,638
Accumulated depreciation			
Balances, July 1, 2003	(618,694)	-	(618,694)
Additions	(120,360)	-	(120,360)
Balances July 1, 2004	(739,054)	-	(739,054)
Additions	(127,712)	(8,300)	(136,012)
Balances, June 30, 2005	(866,766)	(8,300)	(875,066)
Total fixed assets, net	\$ 398,872	\$ 74,700	\$ 473,572

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 10 - LONG-TERM OBLIGATIONS:

Long-term liability activity for the fiscal years ended June 30, 2005 and 2004 included capital leases and compensated absences and were as follows:

	Capital lease	Compensated absences	Total
Balances, July 1, 2003	\$ 38,856	\$ 1,743,451	\$ 1,782,307
Additions	-	6,693	6,693
Reductions	(6,934)	(241,192)	(248,126)
Balances, July 1, 2004	31,922	1,508,952	1,540,874
Additions	-	98,146	98,146
Reductions	(7,547)	(123,876)	(131,423)
Balances, June 30, 2005	\$ 24,375	\$ 1,483,222	\$ 1,507,597
Due within one year	\$ 8,214	\$ 61,339	\$ 69,553

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 8.5 percent and is collateralized by the leased equipment. The lease expires in March 2008. The future annual lease payments required for this capital lease are as follows:

Year ending June 30,	Interest	Principal	Total payments
2006	\$ 1,757	\$ 8,214	\$ 9,971
2007	1,030	8,941	9,971
2008	258	7,220	7,478
	\$ 3,045	\$ 24,375	\$ 27,420

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

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 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 1300 Logan Street, Denver, Colorado 80203, by calling PERA at 303-832-9550 or 1-800-729-PERA (7372), or by visiting www.copera.org.

Plan members vest after five years of service and most are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more. Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is 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.

Members 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 spouse or their eligible children under the age of 18 (23 if a full-time student) are entitled to monthly benefit payments. If there is no eligible spouse, financially dependent parents will receive a survivor's benefit.

B. Funding Policy:

Most employees contribute 8.0 percent of their salary, as defined in CRS 24-51-101(42) to an individual account in the plan. During Fiscal Years 2005 and 2004, the State contributed 10.15 percent of the employee's salary. Effective January 1, 2003, 1.1 percent of the total contribution was allocated to the Health Care Trust Fund. Effective July 1, 2004, 1.02 percent of the total contribution was allocated to the Health Care Trust Fund. Throughout fiscal years 2004 and 2005 the amount needed to meet the match requirement established by the PERA Board was allocated to the MatchMaker program (See Note 12 below.) The balance remaining after allocations to the MatchMaker program and the Health Care Trust Fund was allocated to the defined benefit plan.

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. The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 11 – PENSION PLANS (CONTINUED):

B. Funding Policy (continued):

The Legislative Department's contributions to the three programs described above for fiscal years ended June 30, 2005, 2004, and 2003 were \$1,380,455, \$1,358,622, and \$1,409,058, respectively. These contributions met the contribution requirement for each year.

NOTE 12 - VOLUNTARY TAX-DEFERRED RETIREMENT PLANS:

PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer 403b or 401(a) plans. Members who contribute to any of these plans also receive the state match, when available.

In January 1, 2001, the MatchMaker program established a state match for PERA member's voluntary contributions to tax-deferred retirement plans. The PERA Board sets the level of the match annually based on the actuarial funding of the defined benefit pension plan. The match is only available when the actuarial value of the defined benefit plan assets is 110 percent of actuarially accrued plan liabilities. While the plan was not overfunded in 2004, the maximum one-year change in the match rate is statutorily limited to one percent, and therefore, the match changed from 2 percent to 1 percent. For calendar year 2004 through May 31, 2004, the match was 100 percent of up to 1 percent of employee's gross covered wages paid during the month. The match was suspended effective June 1, 2004 with the passage of Senate Bill 04-132.

NOTE 13 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

A. Health Care Program:

PERACare (formerly known as 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 Trust Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During Fiscal Years 2005 and 2004, the premium subsidy was \$115 for those with 20 years of service credit (\$230 for members under age 65 and not eligible for Medicare), and it was reduced by 5 percent for each year of service fewer than 20.

The Health Care Trust Fund is maintained by an employer contribution as discussed above in Note 11.B.

Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured medical and prescription benefit plans, and with several health maintenance organizations providing services within Colorado. As of December 31, 2004, there were 39,668 enrollees in the plan.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

**NOTE 13 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS
(CONTINUED):**

B. Life Insurance Program:

PERA provides its members access to two group decreasing term life insurance plans offered by Prudential Insurance Company and Anthem Life. Effective April 1, 2005, PERA consolidated the two plans, and UnumProvident became the administrator. Members who transition to the new plan may continue coverage into retirement. Premiums are collected by monthly payroll deductions or other means.

NOTE 14 - DEFINED CONTRIBUTION PLAN:

On January 1, 1999, the State began providing a defined contribution plan for certain employees identified in statute. The plan is authorized in Title 24, Article 52, Part 2 of the Colorado Revised Statutes, and is established and administered by the five-member Defined Contribution Retirement Committee. Changes to the plan must be consistent with the authorizing legislation. The State is the sole contributing employer of the plan.

The following classes of state employees are covered: legislators, elected state officials and their deputies, department executive directors appointed by the Governor, members of the Public Utilities Commission, employees of the Governor's Office not covered by the State Personnel System, and employees of the Senate and House of Representatives. Participation in the plan by eligible employees is voluntary; however, a participant cannot also be an active member in PERA.

The plan provides benefits to participants through purchased annuity contracts, certificates, or similar instruments; all of which are required to be fully portable.

Contributions to the plan are set as a percentage of salary in statutes, and they are required to be the same as the contributions to the defined benefit plan administered by PERA. During the fiscal years ending June 30, 2005 and 2004, the state contribution rate was 10.15 percent and the employee was required to contribute 8 percent of gross covered wages. The Legislative Department contributions for the fiscal years ending June 30, 2005 and 2004 were \$259,529 and \$226,274, respectively.

NOTE 15 - 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.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 15 - RISK MANAGEMENT (CONTINUED):

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 information is included in the State of Colorado Comprehensive Annual Financial Report, available from the State Controller's Office.

SUPPLEMENTAL INFORMATION

STATE OF COLORADO - LEGISLATIVE BRANCH
COMBINING BALANCE SHEET - GENERAL FUND

JUNE 30, 2005

	<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	\$ 212,927	\$ 2,006	\$ 4,501	\$ 736,440	\$ 154,178	\$ 1,110,052
Accounts receivable	8,040	-	-	165,734	-	173,774
Inter/Intrafund receivables	-	-	-	407,868	-	407,868
Prepaid expenses	1,214	-	-	469	-	1,683
TOTAL ASSETS	<u>\$ 222,181</u>	<u>\$ 2,006</u>	<u>\$ 4,501</u>	<u>\$ 1,310,511</u>	<u>\$ 154,178</u>	<u>\$ 1,693,377</u>
LIABILITIES						
Accounts payable	\$ 206,050	\$ 2,006	\$ 4,501	\$ 1,311,761	\$ 154,178	\$ 1,678,496
Interfund payable	600	-	-	-	-	600
Accrued liabilities	496,671	96,435	285,648	311,999	288,411	1,479,164
Deferred revenue	-	-	-	-	-	-
TOTAL LIABILITIES	<u>703,321</u>	<u>98,441</u>	<u>290,149</u>	<u>1,623,760</u>	<u>442,589</u>	<u>3,158,260</u>
FUND BALANCE						
Unreserved	<u>(481,140)</u>	<u>(96,435)</u>	<u>(285,648)</u>	<u>(313,249)</u>	<u>(288,411)</u>	<u>(1,464,883)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 222,181</u>	<u>\$ 2,006</u>	<u>\$ 4,501</u>	<u>\$ 1,310,511</u>	<u>\$ 154,178</u>	<u>\$ 1,693,377</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
COMBINING BALANCE SHEET - GENERAL FUND

JUNE 30, 2004

	<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	\$ 392,041	\$ 6,015	\$ 18,069	\$ (76,392)	\$ 182,494	\$ 522,227
Accounts receivable	-	-	282	239,835	500	240,617
Inter/Intrafund receivable	-	-	-	317,247	-	317,247
Prepaid expenses	-	-	-	3,053	-	3,053
TOTAL ASSETS	<u>\$ 392,041</u>	<u>\$ 6,015</u>	<u>\$ 18,351</u>	<u>\$ 483,743</u>	<u>\$ 182,994</u>	<u>\$ 1,083,144</u>
LIABILITIES						
Accounts payable	\$ 376,510	\$ 6,015	\$ 18,351	\$ 483,743	\$ 182,994	\$ 1,067,613
Accrued liabilities	478,645	\$ 92,493	298,270	\$ 302,846	\$ 272,784	1,445,038
Deferred revenue	-	-	-	-	-	-
TOTAL LIABILITIES	<u>855,155</u>	<u>98,508</u>	<u>316,621</u>	<u>786,589</u>	<u>455,778</u>	<u>2,512,651</u>
FUND BALANCE						
Unreserved	(463,114)	(92,493)	(298,270)	(302,846)	(272,784)	(1,429,507)
TOTAL LIABILITIES AND FUND BALAN	<u>\$ 392,041</u>	<u>\$ 6,015</u>	<u>\$ 18,351</u>	<u>\$ 483,743</u>	<u>\$ 182,994</u>	<u>\$ 1,083,144</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
 COMBINING SCHEDULES OF APPROPRIATIONS, REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

YEAR ENDED JUNE 30, 2005

	<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>
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 11,693,680	\$ 1,256,007	\$ 5,508,231	\$ 5,775,332	\$ 4,410,800	\$ 28,644,050
Cash Fund and Cash Fund Exempt	112,426	-	-	637,701	-	750,127
Total Appropriations	<u>11,806,106</u>	<u>1,256,007</u>	<u>5,508,231</u>	<u>6,413,033</u>	<u>4,410,800</u>	<u>29,394,177</u>
Revenue						
Miscellaneous revenue						
Audit reimbursements	-	-	-	664,990	-	664,990
Miscellaneous	9,700	-	1,252	4,042	35,122	50,116
TOTAL APPROPRIATIONS AND REVENUES	<u>11,815,806</u>	<u>1,256,007</u>	<u>5,509,483</u>	<u>7,082,065</u>	<u>4,445,922</u>	<u>30,109,283</u>
EXPENDITURES						
Compensation	7,254,703	1,185,129	3,873,954	3,738,533	3,505,616	19,557,935
Purchased services	218,057	180	619,902	2,154,095	307,689	3,299,923
Operating expenditures	2,401,321	26,195	162,921	206,972	186,464	2,983,873
Travel and subsistence	723,815	3,632	11,480	17,861	17,948	774,736
Capital expenditures	116,654	-	5,807	92,640	-	215,101
Debt service	9,971	-	-	-	-	9,971
TOTAL EXPENDITURES	<u>10,724,521</u>	<u>1,215,136</u>	<u>4,674,064</u>	<u>6,210,101</u>	<u>4,017,717</u>	<u>26,841,539</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>1,091,285</u>	<u>40,871</u>	<u>835,419</u>	<u>871,964</u>	<u>428,205</u>	<u>3,267,744</u>
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds	-	-	-	-	-	-
Operating transfer out	-	-	(492,322)	-	-	(492,322)
Authorized General Fund roll-forward			(133,998)		(20,636)	(154,634)
Reversion of non-augmenting revenue	(9,700)	-	(1,252)	(669,032)	(35,122)	(715,106)
Reversion of General Fund appropriation	(1,077,092)	(44,813)	(195,225)	(213,335)	(388,074)	(1,918,539)
Reversion of Cash/Cash Exempt appropriation	(22,519)	-	-	-	-	(22,519)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,109,311)</u>	<u>(44,813)</u>	<u>(822,797)</u>	<u>(882,367)</u>	<u>(443,832)</u>	<u>(3,303,120)</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(18,026)</u>	<u>(3,942)</u>	<u>12,622</u>	<u>(10,403)</u>	<u>(15,627)</u>	<u>(35,376)</u>
FUND BALANCE, BEGINNING OF YEAR	(463,114)	(92,493)	(298,270)	(302,846)	(272,784)	(1,429,507)
FUND BALANCE, END OF YEAR	<u>\$ (481,140)</u>	<u>\$ (96,435)</u>	<u>\$ (285,648)</u>	<u>\$ (313,249)</u>	<u>\$ (288,411)</u>	<u>\$ (1,464,883)</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
 COMBINING SCHEDULES OF APPROPRIATIONS, REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

YEAR ENDED JUNE 30, 2004

	<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>
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 10,737,955	\$ 1,183,340	\$ 5,255,901	\$ 5,412,639	\$ 4,473,446	\$ 27,063,281
Cash Fund and Cash Fund Exempt	90,000	-	184,791	1,252,500	-	1,527,291
Total Appropriations	<u>10,827,955</u>	<u>1,183,340</u>	<u>5,440,692</u>	<u>6,665,139</u>	<u>4,473,446</u>	<u>28,590,572</u>
Revenue						
Miscellaneous revenue						
Audit reimbursements	-	-	-	562,934	-	562,934
Miscellaneous	10,424	-	2,035	2,844	30,711	46,014
TOTAL APPROPRIATIONS AND REVENUES	<u>10,838,379</u>	<u>1,183,340</u>	<u>5,442,727</u>	<u>7,230,917</u>	<u>4,504,157</u>	<u>29,199,520</u>
EXPENDITURES						
Compensation	7,002,173	1,116,202	3,908,824	3,693,640	3,465,022	19,185,861
Purchased services	516,850	56	790,285	2,430,742	432,361	4,170,294
Operating expenditures	2,118,847	26,930	142,846	121,413	138,892	2,548,928
Travel and subsistence	687,233	654	6,307	11,203	15,389	720,786
Capital expenditures	77,575	-	-	-	-	77,575
Debt service	9,971	-	-	-	-	9,971
TOTAL EXPENDITURES	<u>10,412,649</u>	<u>1,143,842</u>	<u>4,848,262</u>	<u>6,256,998</u>	<u>4,051,664</u>	<u>26,713,415</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>425,730</u>	<u>39,498</u>	<u>594,465</u>	<u>973,919</u>	<u>452,493</u>	<u>2,486,105</u>
OTHER FINANCING SOURCES (USES)						
Operating transfer out	(386,850)	(34,638)	(538,247)	(106,353)	(410,558)	(1,476,646)
Reversion of non-augmenting revenue	(10,424)	-	(2,035)	(565,778)	(30,711)	(608,948)
Reversion of General Fund appropriation	-	-	-	-	-	-
Reversion of Cash/Cash Exempt appropriation	(3,035)	-	(34,200)	(275,169)	-	(312,404)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(400,309)</u>	<u>(34,638)</u>	<u>(574,482)</u>	<u>(947,300)</u>	<u>(441,269)</u>	<u>(2,397,998)</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>25,421</u>	<u>4,860</u>	<u>19,983</u>	<u>26,619</u>	<u>11,224</u>	<u>88,107</u>
FUND BALANCE, BEGINNING OF YEAR	(488,535)	(97,353)	(318,253)	(329,465)	(284,008)	(1,517,614)
FUND BALANCE, END OF YEAR	<u>\$ (463,114)</u>	<u>\$ (92,493)</u>	<u>\$ (298,270)</u>	<u>\$ (302,846)</u>	<u>\$ (272,784)</u>	<u>\$ (1,429,507)</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
COMBINING SCHEDULE OF APPROPRIATIONS - GENERAL FUND

YEAR ENDED JUNE 30, 2005

	Initial General Fund Appropriations	Supplemental Appropriations	Roll-forward of Prior Year Appropriations	Revised General Fund Appropriations	Cash and Cash Exempt Appropriations	Final Adjusted Appropriation
AGENCY						
General Assembly	\$ 11,590,734	\$ 87,415	\$ 15,531	\$ 11,693,680	\$ 112,426	\$ 11,806,106
Joint Budget Committee	1,256,007			1,256,007	-	1,256,007
Legislative Council	5,508,231			5,508,231		5,508,231
Office of the State Auditor	5,775,332			5,775,332	637,701	6,413,033
Office of Legislative Legal Services	4,410,800			4,410,800	-	4,410,800
TOTAL	\$ 28,541,104	\$ 87,415	\$ 15,531	\$ 28,644,050	\$ 750,127	\$ 29,394,177

YEAR ENDED JUNE 30, 2004

	Initial General Fund Appropriations	Supplemental Appropriations	Revised General Fund Appropriations	Cash and Cash Exempt Appropriations	Final Adjusted Appropriation
AGENCY					
General Assembly	\$ 10,936,234	\$ (198,279)	\$ 10,737,955	\$ 90,000	\$ 10,827,955
Joint Budget Committee	1,190,793	(7,453)	1,183,340	-	1,183,340
Legislative Council	5,263,354	(7,453)	5,255,901	184,791	5,440,692
Office of the State Auditor	5,459,219	(46,580)	5,412,639	1,252,500	6,665,139
Office of Legislative Legal Services	4,120,835	352,611	4,473,446	-	4,473,446
TOTAL	\$ 26,970,435	\$ 92,846	\$ 27,063,281	\$ 1,527,291	\$ 28,590,572

STATE OF COLORADO - LEGISLATIVE BRANCH
COMBINING BALANCE SHEETS - SPECIAL REVENUE FUNDS

JUNE 30, 2005 AND 2004

	2005			2004			Totals	
	Public Buildings Trust Fund	Ballot Publication Revolving Fund	Legislative Legal Expenses Cash Fund	Public Buildings Trust Fund	Ballot Publication Revolving Fund	Legislative Legal Expenses Cash Fund	2005	2004
ASSETS								
Cash	\$ 10,148	\$ 826,350	\$ 497,915	\$ 9,651	\$ 1,253,393	\$ 483,074	\$ 1,334,413	\$ 1,746,118
Interfund receivables	-	-	-	-	-	1,250	-	1,250
TOTAL ASSETS	<u>\$ 10,148</u>	<u>\$ 826,350</u>	<u>\$ 497,915</u>	<u>\$ 9,651</u>	<u>\$ 1,253,393</u>	<u>\$ 484,324</u>	<u>\$ 1,334,413</u>	<u>\$ 1,747,368</u>
LIABILITIES								
Accounts payable	\$ 4,994	-	-	\$ 76	\$ 241	-	\$ 4,994	\$ 317
TOTAL LIABILITIES	<u>4,994</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>241</u>	<u>-</u>	<u>4,994</u>	<u>317</u>
FUND BALANCE								
Reserved for specific purpose	5,154	826,350	497,915	9,575	1,253,152	484,324	1,329,419	1,747,051
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 10,148</u>	<u>\$ 826,350</u>	<u>\$ 497,915</u>	<u>\$ 9,651</u>	<u>\$ 1,253,393</u>	<u>\$ 484,324</u>	<u>\$ 1,334,413</u>	<u>\$ 1,747,368</u>

STATE OF COLORADO - LEGISLATIVE BRANCH
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS

YEARS ENDED JUNE 30, 2005 AND 2004

	2005			2004			Totals	
	Public Buildings Trust Fund	Ballot Publication Revolving Fund	Legislative Legal Expenses Cash Fund	Public Buildings Trust Fund	Ballot Publication Revolving Fund	Legislative Legal Expenses Cash Fund	2005	2004
	REVENUES							
Sale of State Capitol history memorabilia	\$ 4,951	\$ -	\$ -	\$ 3,854	\$ -	\$ -	\$ 4,951	\$ 3,854
Miscellaneous Revenue								
Interest income	-	25,227	13,591	-	3,845	-	38,818	3,845
Miscellaneous revenue	-	-	-	-	-	-	-	-
TOTAL REVENUE	4,951	25,227	13,591	3,854	3,845	-	43,769	7,699
EXPENDITURES								
Purchased services	-	8,200	-	-	149,055	-	8,200	149,055
Operating expenditures	9,372	936,151	-	7,533	328,541	-	945,523	336,074
TOTAL EXPENDITURES	9,372	944,351	-	7,533	477,596	-	953,723	485,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,421)	(919,124)	13,591	(3,679)	(473,751)	-	(909,954)	(477,430)
OTHER FINANCING SOURCES (USES)								
Operating Transfer In	-	492,322	-	-	992,322	484,324	492,322	1,476,646
TOTAL OTHER FINANCING SOURCES (USE)	-	492,322	-	-	992,322	484,324	492,322	1,476,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(4,421)	(426,802)	13,591	(3,679)	518,571	484,324	(417,632)	999,216
FUND BALANCE, BEGINNING OF YEAR	9,575	1,253,152	484,324	13,254	734,581	-	1,747,051	747,835
FUND BALANCE, END OF YEAR	\$ 5,154	\$ 826,350	\$ 497,915	\$ 9,575	\$ 1,253,152	\$ 484,324	\$ 1,329,419	\$ 1,747,051

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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 June 30, 2005 and 2004, and for the years then ended, and have issued our report thereon dated September 9, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Department’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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, and contracts, 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*.

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



September 9, 2005

**REQUIRED AUDITOR COMMUNICATIONS TO THE
LEGISLATIVE AUDIT COMMITTEE**

September 9, 2005

Members of the Legislative Audit Committee:

We have audited the financial statements of the Legislative Department, State of Colorado (the “Department”) as of June 30, 2005 and June 30, 2004, and for the years then ended, and have issued our report thereon dated September 9, 2005. Professional standards require that we provide you with the following information related to our audits.

Our Responsibility under Auditing Standards Generally Accepted in the
United States of America and *Government Auditing Standards*

Our responsibility, as described by professional standards, is to plan and perform our audits to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles 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. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audits, we considered the internal control of the Department. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Department’s compliance with certain provisions of laws, regulations, and contracts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Department are described in Note 2 to the financial statements.

We noted no transactions entered into by the Department during the years that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Management's use of estimates is disclosed in the notes to the financial statements.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction to the financial statements that, in our judgment, may not have been detected except through audit procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Department's financial reporting process (that is, cause future financial statements to be materially misstated).

There were no audit adjustments or waived audit adjustments identified in connection with the June 30, 2005 and 2004 audits.

Other Information in Documents Containing Audited Financial Statements

The audited financial statements have been presented along with required and non-required supplementary information. The required supplementary information consists of management's discussion and analysis.

Pursuant to professional standards, the auditors' 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 the auditor is not required to perform procedures to corroborate such other information. However, in accordance with such standards, we are required to read the information in such documents and consider whether such information, or the manner of its presentation, is materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information, which we believe is a material misstatement of fact. No such inconsistencies or misstatements come to our attention.

The non-required supplemental information, which includes certain combining and other schedules, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Department’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Department's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audits.

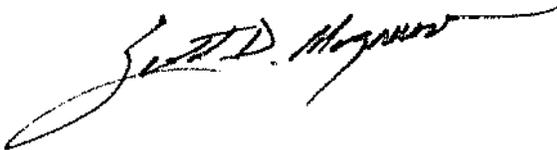
Independence

In our professional judgment, we are independent of the Department and its related entities within the meaning of the AICPA’s Professional Code of Conduct and under Government Auditing Standards. In addition, we are not aware of any relationships between GHP Horwath, P.C. and its related entities and the Legislative Department, State of Colorado, and its related entities that in our professional judgment may reasonably be thought to bear on independence.

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

Sincerely,

GHP HORWATH. P.C.

A handwritten signature in black ink, appearing to read "Scott D. Magnuson", written in a cursive style.

Scott D. Magnuson, CPA
Director

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

DISTRIBUTION PAGE

YEARS ENDED JUNE 30, 2005 AND 2004

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