

Legislative Department State of Colorado

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

June 30, 2011 and 2010



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STATE OF COLORADO
 LEGISLATIVE DEPARTMENT
 YEARS ENDED JUNE 30, 2011 AND 2010

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STATE OF COLORADO
LEGISLATIVE DEPARTMENT
REPORT SUMMARY
YEARS ENDED JUNE 30, 2011 AND 2010

Authority

The audit of the Legislative Department was conducted pursuant to Section 2-3-103 C.R.S., which authorizes the State Auditor to conduct audits of all institutions of the State of Colorado. A contract exists by and between the State of Colorado, through the State Auditor and the Legislative Audit Committee, and Anton Collins Mitchell LLP (“ACM” or the “Contract Auditors”), whereby the audits of the Legislative Department, State of Colorado (the “Department”) for the fiscal years ended June 30, 2011 and 2010 were performed by ACM.

Standards

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

Purpose and Scope

The primary purpose of the engagement was to conduct financial and compliance audits of the Department, as of and for the fiscal years ended June 30, 2011 and 2010, in accordance with standards described above. These standards require that the Contract Auditors plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Auditors’ Reports

An independent auditors’ report on the financial statements of the Department dated December 12, 2011, 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, 2011 and 2010, and the changes in its financial position for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

A report on internal control over financial reporting and compliance and other matters based on the audits of financial statements performed in accordance with *Government Auditing Standards* dated December 12, 2011, has also been issued, which states that the results of the Contract Auditors’ tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Required Auditor Communications to the Legislative Audit Committee

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

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LEGISLATIVE DEPARTMENT AGENCY DESCRIPTIONS

General Assembly

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

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

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

Joint Budget Committee

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

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

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

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

Legislative Council

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

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

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

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

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Office of the State Auditor

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

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

Office of Legislative Legal Services

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

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

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

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

The Office also reviews rules and regulations promulgated by executive agencies and all contracts for the Legislative Department.

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Reapportionment Commission

The Reapportionment Commission is appointed every ten years to reapportion the state legislative districts. The Reapportionment Commission is an eleven-member body comprised of four members of the General Assembly, three persons appointed by the Governor, and four persons appointed by the Chief Justice of the Colorado Supreme Court. The Reapportionment Commission was active during Fiscal Year 2011.

Financial Statements Section



Independent Auditors' Report

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements of each major fund of the Legislative Department (the "Department") of the State of Colorado (the "State"), as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Legislative Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Legislative Department's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and the changes in financial position of only that portion of 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, 2011 and 2010, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Legislative Department of the State of Colorado as of June 30, 2011 and 2010, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 12, 2011 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of

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that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 14 and pages 17 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining information, as shown on pages 41 through 51, 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anton Collins Mitchell LLP

Denver, Colorado
Certified Public Accountants
December 12, 2011

STATE OF COLORADO
LEGISLATIVE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2011 AND 2010

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis of the Legislative Department's financial performance is a required component of financial reporting under governmental accounting standards and was prepared by the Department's management. It is intended to provide an overview of the financial activities for the Fiscal Years ended June 30, 2011 and 2010, and it should be read in conjunction with the financial statements, which begin on page 15. 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, 2011 and 2010. 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 two governmental funds: the General Fund and the Special Revenue Fund.

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

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Department's programs. These funds are reported using the modified accrual basis of 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 Fund. Budgetary comparison statements have been provided on pages 17-20 to demonstrate compliance with these budgets.

The basic governmental funds financial statements can be found on pages 15-16 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 21-40 of this report.

Supplemental Information

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

FINANCIAL ANALYSIS

General Fund

Condensed Combined Balance Sheets - General Fund

June 30,	2011	2010	Restated 2009
Total Assets	\$ 5,875,822	\$ 5,994,095	\$ 4,395,153
Total Liabilities	2,794,430	2,543,586	2,595,298
Fund Balance	<u>\$ 3,081,392</u>	<u>\$ 3,450,509</u>	<u>\$ 1,799,855</u>

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

June 30,	2011	2010	Restated 2009
Appropriations	\$ 35,999,593	\$ 36,514,775	\$ 36,046,183
Revenues	283,586	719,598	405,451
Total Appropriations and Revenue	<u>36,283,179</u>	<u>37,234,373</u>	<u>36,451,634</u>
Total Expenditures	<u>33,257,118</u>	<u>32,191,232</u>	<u>34,690,367</u>
Excess of Appropriations and Revenues over Expenditures	3,026,061	5,043,141	1,761,267
Total Other Financing Uses	<u>(3,395,178)</u>	<u>(3,392,487)</u>	<u>(95,083)</u>
Deficiency of Appropriations and Revenues under Expenditures and Other Financing Uses	(369,117)	1,650,654	1,666,184
Fund balance - Beginning of Year	<u>3,450,509</u>	<u>1,799,855</u>	<u>133,671</u>
Fund balance - End of Year	<u>\$ 3,081,392</u>	<u>\$ 3,450,509</u>	<u>\$ 1,799,855</u>

The Department's General Fund includes four Restricted General Funds: the Ballot Information Publication and Distribution Revolving Fund, the Legislative Expenses Cash Fund, the Youth Advisory Council Cash Fund, and the Legislative Department Cash Fund.

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, 2010, and June 30, 2011, the Department's total General Fund assets decreased by \$118,273, primarily due to a decrease in cash and an increase in interdepartmental receivables. During this same period, total General Fund liabilities increased by \$250,844, due to an increase in accounts payable and a decrease in accrued payrolls payable.

Between June 30, 2009, and June 30, 2010, the Department's total General Fund assets increased by \$1,598,942, primarily due to a transfer of \$1,129,607 unexpended general fund appropriation to the Ballot Information Publication and Distribution Revolving Fund pursuant to House Bill 10-1367. During this same period, total General Fund liabilities decreased by \$51,712, primarily due to a decrease in accounts payable and an increase in accrued payrolls payable.

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The Department's General Fund had total fund balances as follows: \$3,081,392 at June 30, 2011, \$3,450,509 at June 30, 2010, and \$1,799,855 at June 30, 2009. The total fund balances include deficit unassigned balances 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, 2011, were \$283,586, a decrease of 60.6 percent from the year ended June 30, 2010, primarily due to decreases in audit reimbursements and interest income. General Fund expenditures for the year ended June 30, 2011, were \$33,257,118, an increase of 3.3 percent over the year ended June 30, 2010, primarily due to an increase in expenditures in the Ballot Information Publication and Distribution Revolving Fund. Other financing uses increased by \$2,691.

The Department's General Fund Revenues for the year ended June 30, 2010, were \$719,598, a 77.5 percent increase from the year ended June 30, 2009, primarily due to increases in audit reimbursements and interest income. General Fund expenditures for the year ended June 30, 2010, were \$32,191,232, a decrease of 7.2 percent from the year ended June 30, 2009, primarily due to a decrease in expenditures in the Ballot Information Publication and Distribution Revolving Fund. Other financing uses increased by \$3,297,404 due to increased general fund reversions and increased reversion of non-augmenting revenue.

Special Revenue Fund

Condensed Balance Sheet - Special Revenue Fund

June 30,	2011	2010	Restated 2009
Total Assets	\$ 10,986	\$ 16,809	\$ 13,392
Total Liabilities	82	79	94
Fund Balance	<u>\$ 10,904</u>	<u>\$ 16,730</u>	<u>\$ 13,298</u>

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**Condensed Statement of Appropriations, Revenues, Expenditures and Changes in
 Fund Balance - Special Revenue Fund**

June 30,	2011	2010	Restated 2009
Total Appropriations and Revenue	\$ 10,529	\$ 8,589	\$ 10,822
Total Expenditures	16,355	5,157	7,728
Excess (Deficiency) of Appropriations and Revenues over Expenditures	(5,826)	3,432	3,094
Fund balance - Beginning of Year	16,730	13,298	10,204
Fund balance - End of Year	<u>\$ 10,904</u>	<u>\$ 16,730</u>	<u>\$ 13,298</u>

The Department has one Special Revenue Fund: the Public Buildings Trust Fund.

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

Between June 30, 2010, and June 30, 2011, the Department's Special Revenue Fund total assets decreased by \$5,823, and fund balance decreased by \$5,826, primarily due to increased expenditures.

Between June 30, 2009, and June 30, 2010, the Department's Special Revenue Fund total assets increased by \$3,417, and fund balance increased by \$3,432, primarily due to increased revenues.

For the year ended June 30, 2011, revenues for the Department's Special Revenue Fund were \$10,529, an increase of 22.6 percent over the previous fiscal year. Expenditures for the year ended June 30, 2011, were \$16,355, an increase of 217.1 percent over the previous fiscal year, primarily due to reprinting of Capitol brochures and purchases of items for resale.

For the year ended June 30, 2010, revenues for the Department's Special Revenue Funds were \$8,589, a decrease of 20.6 percent from the previous fiscal year. Expenditures for the year ended June 30, 2010, were \$5,157, a decrease of 33.3 percent from the previous fiscal year, due to a decrease in purchases of items for resale.

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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 in the Unrestricted General Fund revert to the State's General Fund and are not available for expenditure by the Department in subsequent fiscal years. Unspent augmenting revenue in the Restricted General Funds does not revert to the State and is available for fund-related expenditures in subsequent fiscal years.

The Department's Special Revenue Fund is funded by revenue earned from the sale of publications on the history of the State Capitol. The unspent augmenting revenue does not revert to the State and is available for fund-related expenditures in subsequent fiscal years.

Fiscal Year 2011 General Fund Budgetary Highlights

The Department's original General Fund appropriations were \$36,000,724. The original budget was amended by one special bill. The Department's final General Fund appropriations for Fiscal Year 2011 were \$35,999,593, a 1.4 percent decrease from Fiscal Year 2010. Interest income was \$88,706. Total General Fund budgetary expenditures were \$33,284,781. A budget rollforward to Fiscal Year 2012 of \$18,680 was approved for outstanding commitments at year-end. The committed General Fund balance decreased by \$396,780, and the remaining budget of \$3,181,618 reverted to the General Fund.

Fiscal Year 2010 General Fund Budgetary Highlights

The Department's original General Fund appropriations were \$36,409,931. The original budget was amended by two supplemental bills. The Department's final General Fund appropriations for Fiscal Year 2010 were \$36,514,775, a 1.4 percent increase over Fiscal Year 2009. Interest income and donations were \$166,284. Total General Fund budgetary expenditures were \$32,097,714. The committed General Fund balance increased by \$1,744,172, and the remaining budget of \$2,839,173 reverted to the General Fund.

OTHER CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

There are no currently known facts, decisions, or conditions that are expected to have a significant effect on the Department's financial position or results of operations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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REQUEST FOR INFORMATION

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

Financial Statements

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
BALANCE SHEETS - GOVERNMENTAL FUNDS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>		<u>2010</u>		<u>Total</u>	
	<u>Combined General Fund</u>	<u>Special Revenue Fund</u>	<u>Combined General Fund</u>	<u>Special Revenue Fund</u>	<u>Governmental Funds</u> <u>2011</u>	<u>2010</u>
ASSETS						
Cash	\$ 5,117,314	\$ 10,986	\$ 5,407,461	\$ 16,809	\$ 5,128,300	\$ 5,424,270
Accounts receivable	143,047	-	158,617	-	143,047	158,617
Interdepartmental receivables	537,801	-	391,657	-	537,801	391,657
Prepaid expenses	77,660	-	36,360	-	77,660	36,360
TOTAL ASSETS	<u>\$ 5,875,822</u>	<u>\$ 10,986</u>	<u>\$ 5,994,095</u>	<u>\$ 16,809</u>	<u>\$ 5,886,808</u>	<u>\$ 6,010,904</u>
LIABILITIES						
Accounts payable	\$ 880,151	\$ 82	\$ 597,374	\$ 79	\$ 880,233	\$ 597,453
Accrued liabilities	1,914,279	-	1,946,212	-	1,914,279	1,946,212
TOTAL LIABILITIES	<u>2,794,430</u>	<u>82</u>	<u>2,543,586</u>	<u>79</u>	<u>2,794,512</u>	<u>2,543,665</u>
(DEFICIT) FUND BALANCES						
Non-spendable						
Prepays	77,660	-	36,360	-	77,660	36,360
Committed	4,991,198	10,904	5,387,978	16,730	5,002,102	5,404,708
Assigned						
Rollforwards	18,680	-	-	-	18,680	-
Unassigned	(2,006,146)	-	(1,973,829)	-	(2,006,146)	(1,973,829)
TOTAL FUND BALANCES	<u>3,081,392</u>	<u>10,904</u>	<u>3,450,509</u>	<u>16,730</u>	<u>3,092,296</u>	<u>3,467,239</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,875,822</u>	<u>\$ 10,986</u>	<u>\$ 5,994,095</u>	<u>\$ 16,809</u>	<u>\$ 5,886,808</u>	<u>\$ 6,010,904</u>

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

For the Years Ended June 30, 2011 and 2010

	2011		2010		Total	
	Combined	Special	Combined	Special	Governmental Funds	
	General Fund	Revenue Fund	General Fund	Revenue Fund	2011	2010
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 34,796,446	\$ -	\$ 35,137,319	\$ -	\$ 34,796,446	\$ 35,137,319
Cash Fund and Reappropriated Funds	1,203,147	-	1,377,456	-	1,203,147	1,377,456
Total Appropriations	<u>35,999,593</u>	<u>-</u>	<u>36,514,775</u>	<u>-</u>	<u>35,999,593</u>	<u>36,514,775</u>
Revenue						
Miscellaneous revenue						
Audit reimbursements	155,691	-	515,750	-	155,691	515,750
Interest income	88,706	-	165,784	-	88,706	165,784
Donations	-	-	500	-	-	500
Miscellaneous	39,189	-	37,564	-	39,189	37,564
Sale of State Capitol history memorabilia	-	10,529	-	8,589	10,529	8,589
TOTAL APPROPRIATIONS AND REVENUES	<u>36,283,179</u>	<u>10,529</u>	<u>37,234,373</u>	<u>8,589</u>	<u>36,293,708</u>	<u>37,242,962</u>
EXPENDITURES						
Compensation	24,629,909	-	24,643,538	-	24,629,909	24,643,538
Purchased services	3,385,047	800	3,208,216	-	3,385,847	3,208,216
Operating expenditures	3,868,708	15,555	3,142,140	5,157	3,884,263	3,147,297
Travel and subsistence	982,105	-	1,034,833	-	982,105	1,034,833
Capital outlay	296,174	-	15,370	-	296,174	15,370
Debt service	95,175	-	118,366	-	95,175	118,366
Other payments	-	-	28,769	-	-	28,769
TOTAL EXPENDITURES	<u>33,257,118</u>	<u>16,355</u>	<u>32,191,232</u>	<u>5,157</u>	<u>33,273,473</u>	<u>32,196,389</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>3,026,061</u>	<u>(5,826)</u>	<u>5,043,141</u>	<u>3,432</u>	<u>3,020,235</u>	<u>5,046,573</u>
OTHER FINANCING SOURCES (USES)						
Authorized General Fund rollforward	(18,680)	-	-	-	(18,680)	-
Reversion of non-augmenting revenue	(194,880)	-	(553,314)	-	(194,880)	(553,314)
Reversion of General Fund appropriation	(3,031,799)	-	(2,726,877)	-	(3,031,799)	(2,726,877)
Reversion of Cash / Reappropriated appropriation	(149,819)	-	(112,296)	-	(149,819)	(112,296)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,395,178)</u>	<u>-</u>	<u>(3,392,487)</u>	<u>-</u>	<u>(3,395,178)</u>	<u>(3,392,487)</u>
NET CHANGE IN FUND BALANCE	(369,117)	(5,826)	1,650,654	3,432	(374,943)	1,654,086
FUND BALANCE, BEGINNING OF YEAR (2010-RESTATED)	3,450,509	16,730	1,799,855	13,298	3,467,239	1,813,153
FUND BALANCE, END OF YEAR	<u>\$ 3,081,392</u>	<u>\$ 10,904</u>	<u>\$ 3,450,509</u>	<u>\$ 16,730</u>	<u>\$ 3,092,296</u>	<u>\$ 3,467,239</u>

The accompanying notes are an integral part of this financial statement.

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND (BUDGET BASIS)

For the Year Ended June 30, 2011

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriations							
General Fund					\$ 34,796,446	\$ 34,796,446	\$ -
Cash Fund and Reappropriated Funds					1,203,147	1,203,147	-
Total Appropriations					<u>35,999,593</u>	<u>35,999,593</u>	<u>-</u>
Revenues							
Miscellaneous revenue							
Audit reimbursements					-	155,691	155,691
Interest income					-	88,706	88,706
Miscellaneous					-	39,189	39,189
TOTAL APPROPRIATIONS AND REVENUES					<u>35,999,593</u>	<u>36,283,179</u>	<u>283,586</u>
EXPENDITURES BY APPROPRIATION							
General administration	\$ 32,371,609	\$ -	\$ -	\$ 864,652	33,236,261	30,223,693	3,012,568
PERA amortization equalization disbursement	502,171	-	-	(502,171)	-	-	-
PERA supplemental amortization equalization disbursement	362,481	-	-	(362,481)	-	-	-
Meth amphetamine task force	3,816	-	-	-	3,816	-	3,816
Tobacco settlement audit	112,831	-	-	-	112,831	5,728	107,103
CO Auto Theft Prevention Cash Fund Audit	6,500	-	-	-	6,500	6,500	-
Youth advisory council	8,472	-	-	-	8,472	-	8,472
Property tax study	-	622,000	-	-	622,000	550,666	71,334
Ballot analysis	-	508,500	-	-	508,500	-	508,500
Capitol complex leased space	-	1,379,604	-	-	1,379,604	1,379,604	-
Legal services	-	13,794	(1,131)	-	12,663	7,186	5,477
Purchase of services from computer center	-	60,711	-	-	60,711	60,711	-
Workers' compensation	-	43,766	-	-	43,766	43,766	-
General liability / property insurance	-	4,469	-	-	4,469	4,469	-
Ballot analysis restricted General Fund	-	-	-	-	-	862,612	(862,612)
Youth advisory council restricted General Fund	-	-	-	-	-	8,170	(8,170)
Legislative Dept. restricted General Fund - Reapportionment Comm.	-	-	-	-	-	131,676	(131,676)
TOTAL EXPENDITURES BY APPROPRIATION	<u>33,367,880</u>	<u>2,632,844</u>	<u>(1,131)</u>	<u>-</u>	<u>35,999,593</u>	<u>33,284,781</u>	<u>2,714,812</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>2,998,398</u>	<u>2,998,398</u>
OTHER FINANCING USES							
Reversion of non-augmenting revenue					-	(194,880)	(194,880)
Reversion of General Fund appropriation					-	(3,031,799)	(3,031,799)
Reversion of Cash/Reappropriated Funds appropriation					-	(149,819)	(149,819)
Authorized General Fund roll forward					-	(18,680)	(18,680)
TOTAL OTHER FINANCING USES					<u>-</u>	<u>(3,395,178)</u>	<u>(3,395,178)</u>
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES					<u>-</u>	<u>(396,780)</u>	<u>(396,780)</u>
FUND BALANCES, BEGINNING OF YEAR (RESTATED)					<u>-</u>	<u>5,387,978</u>	<u>5,387,978</u>
FUND BALANCES, END OF YEAR					<u>\$ -</u>	<u>\$ 4,991,198</u>	<u>\$ 4,991,198</u>

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

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND (BUDGET BASIS)

For the Year Ended June 30, 2010

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriations							
General Fund					\$ 35,137,319	\$ 35,137,319	\$ -
Cash Fund and Reappropriated Funds					1,377,456	1,377,456	-
Total Appropriations					<u>36,514,775</u>	<u>36,514,775</u>	-
Revenues							
Miscellaneous revenue							
Audit reimbursements					-	515,750	515,750
Interest income					-	165,784	165,784
Donations					-	500	500
Miscellaneous					-	37,564	37,564
TOTAL APPROPRIATIONS AND REVENUES					<u>36,514,775</u>	<u>37,234,373</u>	<u>719,598</u>
EXPENDITURES BY APPROPRIATION							
General administration	\$ 32,684,809	\$ -	\$ 130,000	\$ 670,351	33,485,160	29,650,920	3,834,240
PERA amortization equalization disbursement	415,232	-	-	(415,232)	-	-	-
PERA supplemental amortization equalization disbursement	255,119	-	-	(255,119)	-	-	-
Meth amphetamine task force	3,816	-	-	-	3,816	-	3,816
Tobacco settlement audit	103,640	-	-	-	103,640	61,760	41,880
Youth advisory council	8,472	-	-	-	8,472	8,471	1
Property tax study	-	622,000	-	-	622,000	571,999	50,001
Cost of living study	-	250,000	-	-	250,000	217,035	32,965
Ballot analysis	-	508,500	-	-	508,500	-	508,500
Capitol complex leased space	-	1,424,525	(19,217)	-	1,405,308	1,405,306	2
Legal services	-	14,171	-	-	14,171	8,296	5,875
Purchase of services from computer center	-	58,228	(2,358)	-	55,870	55,870	-
Workers' compensation	-	45,697	(2,932)	-	42,765	42,765	-
General liability / property insurance	-	15,722	(649)	-	15,073	15,073	-
Ballot analysis restricted General Fund	-	-	-	-	-	4,572	(4,572)
Legislative expenses restricted General Fund	-	-	-	-	-	26,101	(26,101)
Youth advisory council restricted General Fund	-	-	-	-	-	29,546	(29,546)
TOTAL EXPENDITURES BY APPROPRIATION	<u>33,471,088</u>	<u>2,938,843</u>	<u>104,844</u>	<u>-</u>	<u>36,514,775</u>	<u>32,097,714</u>	<u>4,417,061</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>5,136,659</u>	<u>5,136,659</u>
OTHER FINANCING USES							
Reversion of non-augmenting revenue					-	(553,314)	(553,314)
Reversion of General Fund appropriation					-	(2,726,877)	(2,726,877)
Reversion of Cash/Reappropriated Funds appropriation					-	(112,296)	(112,296)
TOTAL OTHER FINANCING USES					<u>-</u>	<u>(3,392,487)</u>	<u>(3,392,487)</u>
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES					<u>-</u>	<u>1,744,172</u>	<u>1,744,172</u>
FUND BALANCES, BEGINNING OF YEAR (RESTATED)					<u>-</u>	<u>3,643,806</u>	<u>3,643,806</u>
FUND BALANCES, END OF YEAR					<u>\$ -</u>	<u>\$ 5,387,978</u>	<u>\$ 5,387,978</u>

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

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
 BUDGETARY COMPARISON STATEMENT - SPECIAL REVENUE FUND (BUDGET BASIS)

For the Year Ended June 30, 2011

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Cash Fund and Reappropriated Funds					\$ -	\$ -	\$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	10,529	10,529
TOTAL APPROPRIATIONS AND REVENUES					<u>-</u>	<u>10,529</u>	<u>10,529</u>
EXPENDITURES BY APPROPRIATION							
Public building	-	-	-	-	-	16,355	(16,355)
TOTAL EXPENDITURES BY APPROPRIATION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,355</u>	<u>(16,355)</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS							
					<u>-</u>	<u>(5,826)</u>	<u>(5,826)</u>
FUND BALANCES, BEGINNING OF YEAR							
					-	16,730	16,730
FUND BALANCES, END OF YEAR					<u>\$ -</u>	<u>\$ 10,904</u>	<u>\$ 10,904</u>

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
 BUDGETARY COMPARISON STATEMENT - SPECIAL REVENUE FUND (BUDGET BASIS)

For the Year Ended June 30, 2010

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Cash Fund and Reappropriated Funds					\$ -	\$ -	\$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	8,589	8,589
TOTAL APPROPRIATIONS AND REVENUES					-	8,589	8,589
EXPENDITURES BY APPROPRIATION							
Public building	-	-	-	-	-	5,157	(5,157)
TOTAL EXPENDITURES BY APPROPRIATION	-	-	-	-	-	5,157	(5,157)
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS							
					-	3,432	3,432
FUND BALANCES, BEGINNING OF YEAR							
					-	13,298	13,298
FUND BALANCES, END OF YEAR							
					\$ -	\$ 16,730	\$ 16,730

STATE OF COLORADO
LEGISLATIVE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

The Department is not financially accountable for any other organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

STATE OF COLORADO
LEGISLATIVE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

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.

The Legislative Department, in conjunction with the State of Colorado, adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. Financial information for the Fiscal Year ended June 30, 2010 has also been restated to reflect the combination of previously disclosed special revenue funds with the general fund. GASB Statement No. 54 creates new fund balance classifications and clarifies governmental fund type definitions.

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 60 days thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due and payable.

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

The Legislative Department reports the following two governmental fund types:

The **General Fund** is the principal operating fund of the Department. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund includes four Restricted General Funds and the Unrestricted General Fund.

The **Special Revenue Fund** includes fund activities financed by specific revenue sources that are legally restricted for specified purposes.

STATE OF COLORADO
LEGISLATIVE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

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

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

The **Legislative Department Cash Fund** was created by House Bill 09-1348 to pay for expenses of the Legislative Department. The fund is comprised of moneys the Legislative Department accepts as gifts, grants, or donations from private and public sources and any other moneys appropriated to the fund. Any monies credited to the fund and unexpended at the end of any given fiscal year

STATE OF COLORADO
LEGISLATIVE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

will remain in the fund. House Bill 10-1210 established the redistricting account within the Legislative Department Cash Fund, to pay for the expense of redistricting the congressional and state legislative districts in the state.

The Department has the following special revenue fund:

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. Moneys in the fund are used for replenishing supplies of publications and memorabilia for sale to the public, and to enhance preservation of original and historic elements of the State Capitol Building. Transactions recorded in this fund on these financial statements reflect only the activity of this special account of the Legislative Department.

B. Budgets

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

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

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

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

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

STATE OF COLORADO
 LEGISLATIVE DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2011 AND 2010

Budget to GAAP differences for General Fund expenditures for the Fiscal Years ended June 30, 2011 and 2010, are as follows:

June 30,	2011	2010
Total expenditures, GAAP basis	\$ 33,257,118	\$ 32,191,232
Reduction (Increase) in salaries incurred but unpaid	27,663	(93,518)
Total expenditures, budgetary basis	\$ 33,284,781	\$ 32,097,714

C. Cash

The balance in cash at June 30, 2011 and 2010, represents the net year-end effect of transactions between the Legislative Department and the State's General Fund. A positive balance represents an excess of expenditures incurred but not paid over revenues earned but not collected. In other words, more revenue has been collected than expenditures paid at year-end. A negative balance represents an excess of revenues earned but not collected over expenditures incurred but not paid; or more expenditures have been paid than revenue collected at year-end.

The Department deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities approved by Section 24-75-601.1, C.R.S. The Department reports its share of the Treasurer's unrealized gains/losses on the basis of its participation in the State Treasurer's pool. All of the Treasurer's investments are reported at fair value, which is determined on the basis of quoted market prices at June 30, 2011 and 2010. 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.

STATE OF COLORADO
LEGISLATIVE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

D. Capital Assets

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

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

Fund balance classifications are non-spendable and spendable.

Non-spendable fund balance consists of prepaid expenses. The General Fund non-spendable fund balance was \$77,660 at June 30, 2011, and \$36,360 at June 30, 2010.

Spendable fund balance is further segregated into categories based on the degree to which resources are constrained. The categorization, in part, is a result of the State's spending prioritization policy. When an expenditure is incurred that could be funded from either restricted or unrestricted sources it is the State's general policy that unrestricted dollars are spent first, and within unrestricted sources funding is allocated first from unassigned, then assigned, and then committed resources. However, in certain circumstances restricted and/or committed resources are spent without regard to other available funding sources including transfers to fund indirect costs, to programs operating in the General Fund, and others. Spendable fund balance classifications include:

- **Committed fund balance** consists of amounts constrained by the General Assembly, the State's highest level of decision-making authority, and is the default position for the majority of governmental funds, excluding the General Fund. The Department's four Restricted General Funds and one Special Revenue Fund have committed fund balances. The committed 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

STATE OF COLORADO
LEGISLATIVE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
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was \$3,575,282 at June 30, 2011, and \$5,008,005 at June 30, 2010. The committed fund balance in the Legislative Expenses Cash Fund is to be used exclusively for the legal expenses of the Legislative Department, expenses relating to legislative aides, expenses relating to the upkeep and furnishings of space occupied by the Legislative Department, and expenses relating to electronic voting equipment in the chambers of the Senate and the House of Representatives. The fund balance in the Legislative Expenses Cash Fund was \$384,754 at June 30, 2011, and \$379,434 at June 30, 2010. The committed fund balance in the Youth Advisory Council Cash Fund is to be used exclusively for the direct and indirect costs of the Youth Advisory Council. The fund balance in the Youth Advisory Council Cash Fund was \$347 at June 30, 2011, and \$18 at June 30, 2010. The committed fund balance in the Legislative Department Cash Fund is to be used exclusively for expenses of the Legislative Department. The fund balance in the Legislative Department Cash Fund was \$1,030,815 at June 30, 2011, and \$521 at June 30, 2010. The committed 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 \$10,904 at June 30, 2011, and \$16,730 at June 30, 2010.

- **Assigned fund balance** represents the portion of fund balance related to appropriations that were encumbered for goods and services that were not received before June 30 due to extenuating circumstances. These appropriation rollforwards were approved by the Colorado State Controller in accordance with State Fiscal Rules. The General Fund assigned fund balance was \$18,680 at June 30, 2011, and zero at June 30, 2010.
- **Unassigned fund balance** is the residual category in the General Fund, and is not available in other governmental funds unless the fund balance is a deficit. At June 30, 2011 and 2010, the General Fund had unassigned deficit fund balances of \$2,006,146 and \$1,973,829, respectively. These deficit fund balances are due to prepaid expenses, appropriation rollforwards, and 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.

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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, 2011 and 2010, were \$1,909,806 and \$1,937,469, respectively. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 4 - APPROPRIATIONS AND REVENUE

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

The Legislative Department appropriation for the years ended June 30, 2011 and 2010, specified that \$90,000 of revenue earned by the sale of bill copies was available for expenditure by the General Assembly. Receipts for sales in excess of that amount each year, as well as receipts for sales of Colorado Revised Statutes and supplements, were not available for expenditure by the Department. The Legislative Department appropriation for the years ended June 30, 2011 and 2010, also specified that audit reimbursements of \$990,000 and \$930,000, respectively, were available for expenditure by the Office of the State Auditor. Receipts in excess of that amount were not available for expenditure.

Miscellaneous revenue for the year ended June 30, 2011, consists of reimbursements in excess of \$990,000 for audit services performed by the Office of the State Auditor for certain non-state-appropriated activities of the State, interest income, and other miscellaneous amounts. Miscellaneous revenue for the year ended June 30, 2010, consists of charges in excess of \$930,000 for audit services performed by the Office of the State Auditor for certain non-state-appropriated activities of the State, interest income, and other miscellaneous amounts.

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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 2011 was \$2,145,045 and for Fiscal Year 2010 was \$2,453,703. These amounts are not reflected in audit reimbursements.

As of June 30, 2011 and 2010, the Office of the State Auditor had contract commitments of \$553,505 and \$544,040, 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 added 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 2011 and 2010 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 department of Colorado State Government, and as such, receives many services from other state agencies, many of which are not billed to the Department. The most significant of these are accounting support and review services provided by the Office of the State Controller to the Chief Accountant for the Legislative Council.

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NOTE 8 - OPERATING LEASES

The Department had several operating leases for equipment and paid rent for the capitol complex building space used by Legislative Department service agencies and office space leased outside of the capitol complex. Total operating lease (rent) expense for Fiscal Years 2011 and 2010 amounted to \$1,540,740 and \$1,564,722, respectively. Future minimum commitments for the capitol complex lease do not exceed one year. Operating leases for equipment expire August 2011 through April 2016, and the office space leases outside of the capitol complex expire in June 2012 and July 2013. The future minimum annual rental commitments are as follows:

	Minimum lease payments	
Year ending June 30, 2012	\$	147,854
2013		69,351
2014		18,648
2015		13,817
2016		10,363
	\$	260,033

NOTE 9 - CAPITAL ASSETS

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

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

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

	Equipment	Software	Leasehold Improvements	Total
Cost:				
Balances, July 1, 2009	\$ 1,981,713	\$ 227,553	\$ 42,173	\$ 2,251,439
Additions	15,370	-	-	15,370
Deletions	(22,840)	-	-	(22,840)
Balances, June 30, 2010	1,974,243	227,553	42,173	2,243,969
Additions	224,174	72,000	-	296,174
Deletions	(5,393)	-	-	(5,393)
Balances, June 30, 2011	2,193,024	299,553	42,173	2,534,750
Accumulated Depreciation:				
Balances, July 1, 2009	\$ (1,305,403)	\$ (122,051)	\$ (21,087)	\$ (1,448,541)
Additions	(249,462)	(36,072)	(8,434)	(293,968)
Deletions	22,840	-	-	22,840
Balances, June 30, 2010	(1,532,025)	(158,123)	(29,521)	(1,719,669)
Additions	(237,345)	(34,972)	(8,435)	(280,752)
Deletions	5,393	-	-	5,393
Balances, June 30, 2011	(1,763,977)	(193,095)	(37,956)	(1,995,028)
Total capital assets, net, June 20, 2011	\$ 429,047	\$ 106,458	\$ 4,217	\$ 539,722

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NOTE 10 - LONG-TERM OBLIGATIONS

Long-term liability activity for the Fiscal Years ended June 30, 2011 and 2010, included capital leases and compensated absences, and were as follows:

	Capital lease	Compensated absences	Total
Balances, July 1, 2009	\$ 294,584	\$ 1,815,960	\$ 2,110,544
Additions	-	57,668	57,668
Reductions	(108,908)	(50,442)	(159,350)
Balances, June 30, 2010	185,676	1,823,186	2,008,862
Additions	-	22,770	22,770
Reductions	(90,702)	(135,843)	(226,545)
Balances, June 30, 2011	<u>\$ 94,974</u>	<u>\$ 1,710,113</u>	<u>\$ 1,805,087</u>
Due within one year	<u>\$ 94,974</u>	<u>\$ 43,499</u>	<u>\$ 138,473</u>

In July 2008, the Department entered into a capital lease agreement to finance the acquisition of computer equipment for \$371,746. The capital lease has an effective interest rate of 4.7 percent and is collateralized by the leased equipment. The lease expires in June 2012. The future lease payments required for this capital lease during Fiscal Year 2012 total \$99,445, with \$94,974 representing principal and \$4,471 as interest.

NOTE 11 - PENSION PLANS

A. Plan Description

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

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New employees are allowed 60 days to elect to participate in PERA's defined contribution retirement plan. If that election is not made, the employee becomes a member of PERA's defined benefit plan.

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

Based on changes in the 2010 legislative session, slightly different plan requirements were in effect until December 31, 2010. The following requirements were effective at June 30, 2011.

Plan members are eligible to receive a monthly retirement benefit when they meet age and service requirements based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005, and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between January 1, 2007 and December 31, 2010 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service. For employees hired before January 1, 2007, age and service requirements increase to those required for members hired between January 1, 2007 and December 31, 2010 if the member has less than five years of service credit as of January 1, 2011.
- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2017 – any age with 35 years of service, age 60 with 30 years of service, or age 65 with 5 years of service.

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Members with five years of service credit at January 1, 2011, are also eligible for retirement benefits without a reduction for early retirement based on the original hire date, as follows:

- Hired before January 1, 2007 – age 55 and age plus years of services equals 80 or more.
- Hired between January 1, 2007 and December 31, 2010 – age 55 and age plus years of service equals 85 or more. For members hired before January 1, 2007, age plus years of service increase to 85 for members with less than five years of service credit as of January 1, 2011.
- Hired between January 1, 2011 and December 31, 2016 – age 58 and age plus years of service equals 88 or more.
- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods if the salaries used were from the last three years of employment. For retirements after January 1, 2009, four periods are used and are ranked from lowest to highest with the maximum increase between years limited to 15 percent. For members hired on or after January 1, 2007, the maximum increase between ranked periods is 8 percent. Notwithstanding any other provisions, members first eligible for retirement after January 2, 2011 have a maximum increase between periods of 8 percent.

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Retiree benefits are increased annually in July after one year of retirement based on the member's original hire date as follows:

- Hired before July 1, 2007 – the lesser of 2 percent or the average of the monthly Consumer Price Index increases.
- Hired on or after January 1, 2007 – the lesser of 2 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)
- The upper limits on benefits increase by one-quarter percentage point each year when the funded ratio of PERA equals or exceeds 103 percent and declines by one-quarter percentage point when the funded ratio drops below 90 percent after having exceeded 103 percent. The funded ratio increase does not apply for three years when a negative return on investment occurs.

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

B. Funding Policy

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

Most employees contribute 8.0 percent of their salary, as defined in C.R.S. 24-51-101(42), to an individual account in the plan. Effective July 1, 2010 Senate Bill 10-146 requires members in the State and Judicial divisions to pay 2.5 percent additional member contributions through June 30, 2011. Employer contributions for members in these two divisions will be reduced by 2.5 percent. Senate Bill 11-076 continued these contribution rates through June 30, 2012.

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From July 1, 2009 to December 31, 2009, the State contributed 12.95 percent of the employee's salary. From January 1, 2010 to June 30, 2011, the State contributed 13.85 percent. From July 1, 2010 to December 31, 2010 the State contributed 11.35 percent of the employee's salary. From January 1, 2011 through June 30, 2011, the State contributed 12.25 percent. During all of Fiscal Years 2011 and 2010, 1.02 percent of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2010, the division of PERA in which the State participates has a funded ratio of 62.8 percent and a 47 year amortization period based on current contribution rates. The funded ratio on the market value of assets is lower at 61.3 percent.

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

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

In the 2010 legislative session, the General Assembly extended both the AED and SAED. The AED will continue to increase at a rate of 0.4 percent of salary from calendar years 2013 through 2017. The SAED will continue to increase by one-half percentage point from calendar years 2014 through 2017. Both the AED and SAED will be reduced by one-half percentage point when funding levels reach 103 percent, and both will be increased by one-half percent point when the funding level subsequently falls below 80 percent. Neither the AED nor the SAED may exceed 5 percent.

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

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The Legislative Department's contributions to the Defined Benefit Plan for Fiscal Years ending June 30, 2011, 2010, and 2009 were \$1,683,877, \$1,850,262, and \$1,723,486, respectively. These contributions met the contribution requirement for each year.

NOTE 12 - OTHER RETIREMENT PLANS

Defined Contribution Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees have the option of participating in the plan. New member contributions to the plan vest from 50 percent to 100 percent evenly over 5 years. Participants in the plan are required to contribute 8 percent of their salary. For Fiscal Years 2011 and 2010 the legislature temporarily increased the required contribution rate to 10.5 percent. At December 31, 2010, the plan had 3,479 participants.

Deferred Compensation Plan

The PERA Deferred Compensation Plan (457 Plan) was established July 1, 2009, as a continuation of the State's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 Plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2010, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution with a temporary increase to 10.5 percent for Fiscal Years 2011 and 2010) to a maximum of \$16,500. Participants who are age 50 and older, and are contributing the maximum amount allowable, were allowed to make an additional \$5,500 contribution in 2010, for total contributions of \$22,000. Contributions and earnings are tax deferred. At December 31, 2010, the plan had 18,215 participants.

PERA 401(k) Plan

PERA also offers a voluntary 401(k) plan entirely separate from the defined benefit pension plan, the deferred compensation plan, and the defined contribution plan.

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NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

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

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

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employers' contributions as discussed above in Note 11.B. Beginning July 1, 2004, the employer is required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. The Legislative Department's contributions to the Health Care Trust Fund for Fiscal Years ending June 30, 2011, 2010, and 2009 were \$159,649, \$152,620, and \$153,336, respectively. In each year the amount contributed was 100 percent of the required contribution.

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third-party vendors. As of December 31, 2010, there were 48,455 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2010, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.35 billion, a funded ratio of 17.5 percent, and a 42-year amortization period. The actuarial valuation was based on the entry age cost method, and 8 percent investment rate of return, a 4.5 percent projection of salary increases (assuming a 0.75

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percent inflation rate), a 3.5 percent annual medical claims increase, no post-retirement benefit increases, and a level dollar amortization on an open basis over 30 years.

NOTE 14 - RISK MANAGEMENT

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

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

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

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

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NOTE 15 - PRIOR PERIOD ADJUSTMENTS

Fiscal Year 2010 beginning fund balances were restated for accounting changes due to fund category reclassifications required by GASB Statement No. 54. The changes are summarized in the following table.

<u>Fiscal Year 2010</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Beginning (Deficit) Fund Balance	\$ (1,843,951)	\$ 3,657,104
GASB No. 54 Fund Reclassification Adjustments		
Special Revenue to General	<u>3,643,806</u>	<u>(3,643,806)</u>
Beginning Fund Balance, Restated	<u>\$ 1,799,855</u>	<u>\$ 13,298</u>

NOTE 16 - SUBSEQUENT EVENTS

The Department has evaluated subsequent events through December 12, 2011, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Supplementary Information

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
COMBINING BALANCE SHEETS - GENERAL FUND

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>		<u>2010</u>		<u>Total</u>	
	<u>General Fund Unrestricted</u>	<u>General Fund Restricted</u>	<u>General Fund Unrestricted</u>	<u>General Fund Restricted</u>	<u>2011</u>	<u>2010</u>
ASSETS						
Cash	\$ 89,130	\$ 5,028,184	\$ 18,177	\$ 5,389,284	\$ 5,117,314	\$ 5,407,461
Accounts receivable	143,047	-	158,617	-	143,047	158,617
Interdepartmental receivables	537,801	-	391,657	-	537,801	391,657
Prepaid expenses	77,660	-	36,360	-	77,660	36,360
TOTAL ASSETS	<u>\$ 847,638</u>	<u>\$ 5,028,184</u>	<u>\$ 604,811</u>	<u>\$ 5,389,284</u>	<u>\$ 5,875,822</u>	<u>\$ 5,994,095</u>
LIABILITIES						
Accounts payable	\$ 843,165	\$ 36,986	\$ 596,068	\$ 1,306	\$ 880,151	\$ 597,374
Accrued liabilities	1,914,279	-	1,946,212	-	1,914,279	1,946,212
TOTAL LIABILITIES	<u>2,757,444</u>	<u>36,986</u>	<u>2,542,280</u>	<u>1,306</u>	<u>2,794,430</u>	<u>2,543,586</u>
(DEFICIT) FUND BALANCES						
Non-spendable						
Prepays	77,660	-	36,360	-	77,660	36,360
Committed	-	4,991,198	-	5,387,978	4,991,198	5,387,978
Assigned						
Rollforwards	18,680	-	-	-	18,680	-
Unassigned	(2,006,146)	-	(1,973,829)	-	(2,006,146)	(1,973,829)
TOTAL (DEFICIT) FUND BALANCES	<u>(1,909,806)</u>	<u>4,991,198</u>	<u>(1,937,469)</u>	<u>5,387,978</u>	<u>3,081,392</u>	<u>3,450,509</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 847,638</u>	<u>\$ 5,028,184</u>	<u>\$ 604,811</u>	<u>\$ 5,389,284</u>	<u>\$ 5,875,822</u>	<u>\$ 5,994,095</u>

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

For the Years Ended June 30, 2011 and 2010

	2011		2010		Total	
	General Fund Unrestricted	General Fund Restricted	General Fund Unrestricted	General Fund Restricted	General Fund	
					2011	2010
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 34,796,446	\$ -	\$ 35,137,319	\$ -	\$ 34,796,446	\$ 35,137,319
Cash Fund and Reappropriated Funds	1,203,147	-	1,377,456	-	1,203,147	1,377,456
Total Appropriations	<u>35,999,593</u>	<u>-</u>	<u>36,514,775</u>	<u>-</u>	<u>35,999,593</u>	<u>36,514,775</u>
Revenue						
Miscellaneous revenue						
Audit reimbursements	155,691	-	515,750	-	155,691	515,750
Interest income	-	88,706	-	165,784	88,706	165,784
Donations	-	-	-	500	-	500
Miscellaneous	39,189	-	37,564	-	39,189	37,564
TOTAL APPROPRIATIONS AND REVENUES	<u>36,194,473</u>	<u>88,706</u>	<u>37,068,089</u>	<u>166,284</u>	<u>36,283,179</u>	<u>37,234,373</u>
EXPENDITURES						
Compensation	24,621,652	8,257	24,643,538	-	24,629,909	24,643,538
Purchased services	3,035,343	349,704	3,195,829	12,387	3,385,047	3,208,216
Operating expenditures	3,309,249	559,459	3,123,248	18,892	3,868,708	3,142,140
Travel and subsistence	975,833	6,272	1,034,662	171	982,105	1,034,833
Capital expenditures	217,408	78,766	15,370	-	296,174	15,370
Debt service	95,175	-	118,366	-	95,175	118,366
Other payments	-	-	-	28,769	-	28,769
TOTAL EXPENDITURES	<u>32,254,660</u>	<u>1,002,458</u>	<u>32,131,013</u>	<u>60,219</u>	<u>33,257,118</u>	<u>32,191,232</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>3,939,813</u>	<u>(913,752)</u>	<u>4,937,076</u>	<u>106,065</u>	<u>3,026,061</u>	<u>5,043,141</u>
OTHER FINANCING SOURCES (USES)						
Operating transfer in (out)	(516,972)	516,972	(1,638,107)	1,638,107	-	-
Authorized General Fund rollforward	(18,680)	-	-	-	(18,680)	-
Reversion of non-augmenting revenue	(194,880)	-	(553,314)	-	(194,880)	(553,314)
Reversion of General Fund appropriation	(3,031,799)	-	(2,726,877)	-	(3,031,799)	(2,726,877)
Reversion of Cash / Reappropriated appropriation	(149,819)	-	(112,296)	-	(149,819)	(112,296)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,912,150)</u>	<u>516,972</u>	<u>(5,030,594)</u>	<u>1,638,107</u>	<u>(3,395,178)</u>	<u>(3,392,487)</u>
NET CHANGE IN FUND BALANCE	27,663	(396,780)	(93,518)	1,744,172	(369,117)	1,650,654
FUND BALANCE, BEGINNING OF YEAR	(1,937,469)	5,387,978	(1,843,951)	3,643,806	3,450,509	1,799,855
FUND BALANCE, END OF YEAR	<u>\$ (1,909,806)</u>	<u>\$ 4,991,198</u>	<u>\$ (1,937,469)</u>	<u>\$ 5,387,978</u>	<u>\$ 3,081,392</u>	<u>\$ 3,450,509</u>

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
COMBINING BALANCE SHEET - GENERAL FUND UNRESTRICTED

For the Year Ended June 30, 2011

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund Unrestricted
ASSETS						
Cash	\$ 224,963	\$ 1	\$ 127,754	\$ (307,245)	\$ 43,657	\$ 89,130
Accounts receivable	4,127	-	-	138,920	-	143,047
Interdepartmental receivables	-	-	-	537,801	-	537,801
Prepaid expenses	37,433	-	2,589	37,638	-	77,660
TOTAL ASSETS	<u>\$ 266,523</u>	<u>\$ 1</u>	<u>\$ 130,343</u>	<u>\$ 407,114</u>	<u>\$ 43,657</u>	<u>\$ 847,638</u>
LIABILITIES						
Accounts payable	\$ 262,050	\$ 1	\$ 130,343	\$ 407,114	\$ 43,657	\$ 843,165
Accrued liabilities	604,252	117,466	352,036	475,213	365,312	1,914,279
TOTAL LIABILITIES	<u>866,302</u>	<u>117,467</u>	<u>482,379</u>	<u>882,327</u>	<u>408,969</u>	<u>2,757,444</u>
(DEFICIT) FUND BALANCES						
Non-spendable						
Prepays	37,433	-	2,589	37,638	-	77,660
Assigned						-
Rollforwards	-	-	-	18,680	-	18,680
Unassigned	(637,212)	(117,466)	(354,625)	(531,531)	(365,312)	(2,006,146)
(DEFICIT) FUND BALANCES	<u>(599,779)</u>	<u>(117,466)</u>	<u>(352,036)</u>	<u>(475,213)</u>	<u>(365,312)</u>	<u>(1,909,806)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 266,523</u>	<u>\$ 1</u>	<u>\$ 130,343</u>	<u>\$ 407,114</u>	<u>\$ 43,657</u>	<u>\$ 847,638</u>

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
COMBINING BALANCE SHEET - GENERAL FUND UNRESTRICTED

For the Year Ended June 30, 2010

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund Unrestricted
ASSETS						
Cash	\$ 75,517	\$ (625)	\$ 3,688	\$ (85,855)	\$ 25,452	\$ 18,177
Accounts receivable	-	-	-	158,617	-	158,617
Interdepartmental receivables	-	-	-	391,657	-	391,657
Prepaid expenses	445	625	-	35,290	-	36,360
TOTAL ASSETS	<u>\$ 75,962</u>	<u>\$ -</u>	<u>\$ 3,688</u>	<u>\$ 499,709</u>	<u>\$ 25,452</u>	<u>\$ 604,811</u>
LIABILITIES						
Accounts payable	\$ 67,219	\$ -	\$ 3,688	\$ 499,709	\$ 25,452	\$ 596,068
Accrued liabilities	621,021	123,337	362,541	465,696	373,617	1,946,212
TOTAL LIABILITIES	<u>688,240</u>	<u>123,337</u>	<u>366,229</u>	<u>965,405</u>	<u>399,069</u>	<u>2,542,280</u>
(DEFICIT) FUND BALANCES						
Nonspendable						
Prepays	445	625	-	35,290	-	36,360
Unassigned	(612,723)	(123,962)	(362,541)	(500,986)	(373,617)	(1,973,829)
(DEFICIT) FUND BALANCES	<u>(612,278)</u>	<u>(123,337)</u>	<u>(362,541)</u>	<u>(465,696)</u>	<u>(373,617)</u>	<u>(1,937,469)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 75,962</u>	<u>\$ -</u>	<u>\$ 3,688</u>	<u>\$ 499,709</u>	<u>\$ 25,452</u>	<u>\$ 604,811</u>

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
 COMBINING SCHEDULE OF APPROPRIATIONS, REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
 UNRESTRICTED

For the Year Ended June 30, 2011

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund Unrestricted
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 14,459,140	\$ 1,522,835	\$ 6,307,865	\$ 7,174,771	\$ 5,331,835	\$ 34,796,446
Cash Fund and Reappropriated Funds	93,816	-	-	1,109,331	-	1,203,147
Total Appropriations	<u>14,552,956</u>	<u>1,522,835</u>	<u>6,307,865</u>	<u>8,284,102</u>	<u>5,331,835</u>	<u>35,999,593</u>
Revenues						
Miscellaneous revenue						
Audit reimbursements	-	-	-	155,691	-	155,691
Miscellaneous	1,296	-	6,106	-	31,787	39,189
TOTAL APPROPRIATIONS AND REVENUES	<u>14,554,252</u>	<u>1,522,835</u>	<u>6,313,971</u>	<u>8,439,793</u>	<u>5,363,622</u>	<u>36,194,473</u>
EXPENDITURES						
Compensation	8,528,701	1,448,614	4,413,331	5,726,602	4,504,404	24,621,652
Purchased services	566,540	-	562,324	1,671,404	235,075	3,035,343
Operating expenditures	2,669,220	19,120	181,614	287,647	151,648	3,309,249
Travel and subsistence	939,803	59	5,009	12,003	18,959	975,833
Capital expenditures	75,937	-	94,567	46,904	-	217,408
Debt service	95,175	-	-	-	-	95,175
TOTAL EXPENDITURES	<u>12,875,376</u>	<u>1,467,793</u>	<u>5,256,845</u>	<u>7,744,560</u>	<u>4,910,086</u>	<u>32,254,660</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>1,678,876</u>	<u>55,042</u>	<u>1,057,126</u>	<u>695,233</u>	<u>453,536</u>	<u>3,939,813</u>
OTHER FINANCING USES						
Operating transfer out	(8,472)	-	(508,500)	-	-	(516,972)
Reversion of non-augmenting revenue	(1,296)	-	(6,106)	(155,691)	(31,787)	(194,880)
Reversion of General Fund appropriation	(1,613,893)	(49,171)	(532,015)	(423,276)	(413,444)	(3,031,799)
Reversion of Cash / Reappropriated appropriation	(42,716)	-	-	(107,103)	-	(149,819)
Authorized General Fund rollforward	-	-	-	(18,680)	-	(18,680)
TOTAL OTHER FINANCING USES	<u>(1,666,377)</u>	<u>(49,171)</u>	<u>(1,046,621)</u>	<u>(704,750)</u>	<u>(445,231)</u>	<u>(3,912,150)</u>
NET CHANGE IN FUND BALANCE	12,499	5,871	10,505	(9,517)	8,305	27,663
(DEFICIT) FUND BALANCES, BEGINNING OF YEAR	(612,278)	(123,337)	(362,541)	(465,696)	(373,617)	(1,937,469)
(DEFICIT) FUND BALANCES, END OF YEAR	<u>\$ (599,779)</u>	<u>\$ (117,466)</u>	<u>\$ (352,036)</u>	<u>\$ (475,213)</u>	<u>\$ (365,312)</u>	<u>\$ (1,909,806)</u>

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
 COMBINING SCHEDULE OF APPROPRIATIONS, REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
 UNRESTRICTED

For the Year Ended June 30, 2010

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund Unrestricted
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 14,617,143	\$ 1,535,594	\$ 6,358,876	\$ 7,244,777	\$ 5,380,929	\$ 35,137,319
Cash Fund and Reappropriated Funds	93,816	-	250,000	1,033,640	-	1,377,456
Total Appropriations	<u>14,710,959</u>	<u>1,535,594</u>	<u>6,608,876</u>	<u>8,278,417</u>	<u>5,380,929</u>	<u>36,514,775</u>
Revenues						
Miscellaneous revenue						
Audit reimbursements	-	-	-	515,750	-	515,750
Miscellaneous	2,448	-	2,175	-	32,941	37,564
TOTAL APPROPRIATIONS AND REVENUES	<u>14,713,407</u>	<u>1,535,594</u>	<u>6,611,051</u>	<u>8,794,167</u>	<u>5,413,870</u>	<u>37,068,089</u>
EXPENDITURES						
Compensation	8,803,602	1,470,255	4,531,420	5,316,950	4,521,311	24,643,538
Purchased services	572,472	-	790,289	1,592,786	240,282	3,195,829
Operating expenditures	2,577,128	21,479	139,358	248,053	137,230	3,123,248
Travel and subsistence	987,138	309	17,428	8,686	21,101	1,034,662
Capital expenditures	15,370	-	-	-	-	15,370
Debt service	95,367	-	22,999	-	-	118,366
TOTAL EXPENDITURES	<u>13,051,077</u>	<u>1,492,043</u>	<u>5,501,494</u>	<u>7,166,475</u>	<u>4,919,924</u>	<u>32,131,013</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>1,662,330</u>	<u>43,551</u>	<u>1,109,557</u>	<u>1,627,692</u>	<u>493,946</u>	<u>4,937,076</u>
OTHER FINANCING USES						
Operating transfer	(229,607)	-	(1,008,500)	-	(400,000)	(1,638,107)
Reversion of non-augmenting revenue	(2,448)	-	(2,175)	(515,750)	(32,941)	(553,314)
Reversion of General Fund appropriation	(1,410,361)	(44,560)	(84,750)	(1,113,653)	(73,553)	(2,726,877)
Reversion of Cash / Reappropriated appropriation	(37,451)	-	(32,965)	(41,880)	-	(112,296)
TOTAL OTHER FINANCING USES	<u>(1,679,867)</u>	<u>(44,560)</u>	<u>(1,128,390)</u>	<u>(1,671,283)</u>	<u>(506,494)</u>	<u>(5,030,594)</u>
NET CHANGE IN FUND BALANCE	(17,537)	(1,009)	(18,833)	(43,591)	(12,548)	(93,518)
(DEFICIT) FUND BALANCES, BEGINNING OF YEAR	(594,741)	(122,328)	(343,708)	(422,105)	(361,069)	(1,843,951)
(DEFICIT) FUND BALANCES, END OF YEAR	<u>\$ (612,278)</u>	<u>\$ (123,337)</u>	<u>\$ (362,541)</u>	<u>\$ (465,696)</u>	<u>\$ (373,617)</u>	<u>\$ (1,937,469)</u>

**STATE OF COLORADO - LEGISLATIVE DEPARTMENT
COMBINING BALANCE SHEET - GENERAL FUND RESTRICTED**

For the Year Ended June 30, 2011

	Ballot Publication Revolving Fund	Legislative Expenses Fund	Youth Advisory Council Cash Fund	Legislative Cash Fund	Total General Fund Restricted
ASSETS					
Cash	\$ 3,575,364	\$ 384,754	\$ 688	\$ 1,067,378	\$ 5,028,184
TOTAL ASSETS	\$ 3,575,364	\$ 384,754	\$ 688	\$ 1,067,378	\$ 5,028,184
LIABILITIES					
Accounts payable	\$ 82	\$ -	\$ 341	\$ 36,563	\$ 36,986
TOTAL LIABILITIES	82	-	341	36,563	36,986
FUND BALANCES					
Committed	3,575,282	384,754	347	1,030,815	4,991,198
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,575,364	\$ 384,754	\$ 688	\$ 1,067,378	\$ 5,028,184

**STATE OF COLORADO - LEGISLATIVE DEPARTMENT
COMBINING BALANCE SHEET - GENERAL FUND RESTRICTED**

For the Year Ended June 30, 2010

	Ballot Publication Revolving Fund	Legislative Expenses Fund	Youth Advisory Council Cash Fund	Legislative Cash Fund	Total General Fund Restricted
ASSETS					
Cash	\$ 5,008,534	\$ 379,434	\$ 795	\$ 521	\$ 5,389,284
TOTAL ASSETS	\$ 5,008,534	\$ 379,434	\$ 795	\$ 521	\$ 5,389,284
LIABILITIES					
Accounts payable	\$ 529	\$ -	\$ 777	\$ -	\$ 1,306
TOTAL LIABILITIES	529	-	777	-	1,306
FUND BALANCES					
Committed	5,008,005	379,434	18	521	5,387,978
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,008,534	\$ 379,434	\$ 795	\$ 521	\$ 5,389,284

**STATE OF COLORADO - LEGISLATIVE DEPARTMENT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND RESTRICTED**

For the Year Ended June 30, 2011

	Ballot Publication Revolving Fund	Legislative Expenses Fund	Youth Advisory Council Cash Fund	Legislative Cash Fund	Total General Fund Restricted
REVENUES					
Interest income	\$ 50,996	\$ 5,320	\$ 27	\$ 32,363	\$ 88,706
TOTAL REVENUES	50,996	5,320	27	32,363	88,706
EXPENDITURES					
Compensation	-	-	-	8,257	8,257
Purchased services	344,192	-	3,752	1,760	349,704
Operating expenditures	518,420	-	-	41,039	559,459
Travel and subsistence	-	-	4,418	1,854	6,272
Capital expenditures	-	-	-	78,766	78,766
TOTAL EXPENDITURES	862,612	-	8,170	131,676	1,002,458
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(811,616)	5,320	(8,143)	(99,313)	(913,752)
OTHER FINANCING SOURCES (USES)					
Operating transfer in (out)	(621,107)	-	8,472	1,129,607	516,972
TOTAL OTHER FINANCING SOURCES (USES)	(621,107)	-	8,472	1,129,607	516,972
NET CHANGE IN FUND BALANCE	(1,432,723)	5,320	329	1,030,294	(396,780)
FUND BALANCE, BEGINNING OF YEAR	5,008,005	379,434	18	521	5,387,978
FUND BALANCE, END OF YEAR	\$ 3,575,282	\$ 384,754	\$ 347	\$ 1,030,815	\$ 4,991,198

**STATE OF COLORADO - LEGISLATIVE DEPARTMENT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GENERAL FUND RESTRICTED**

For the Year Ended June 30, 2010

	Ballot Publication Revolving Fund	Legislative Expenses Fund	Youth Advisory Council Cash Fund	Legislative Cash Fund	Total General Fund Restricted
REVENUES					
Interest income	\$ 154,391	\$ 11,335	\$ 37	\$ 21	\$ 165,784
Donations	-	-	-	500	500
TOTAL REVENUES	154,391	11,335	37	521	166,284
EXPENDITURES					
Purchased services	-	12,387	-	-	12,387
Operating expenditures	4,572	13,714	606	-	18,892
Travel and subsistence	-	-	171	-	171
Other payments	-	-	28,769	-	28,769
TOTAL EXPENDITURES	4,572	26,101	29,546	-	60,219
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	149,819	(14,766)	(29,509)	521	106,065
OTHER FINANCING SOURCES					
Operating transfer in	1,638,107	-	-	-	1,638,107
TOTAL OTHER FINANCING SOURCES	1,638,107	-	-	-	1,638,107
NET CHANGE IN FUND BALANCE	1,787,926	(14,766)	(29,509)	521	1,744,172
FUND BALANCE, BEGINNING OF YEAR	3,220,079	394,200	29,527	-	3,643,806
FUND BALANCE, END OF YEAR	\$ 5,008,005	\$ 379,434	\$ 18	\$ 521	\$ 5,387,978

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

For the Year Ended June 30, 2011

	Initial General Fund Appropriations	Supplemental Appropriations	In (Out) Appropriation Allocations	Rollforward of Prior Year Appropriations	Revised General Fund Appropriations	Cash and Reappropriated Appropriations	Final Adjusted Appropriation
AGENCY							
General Assembly	\$ 15,015,443	\$ (1,131)	\$ (555,172)	\$ -	\$ 14,459,140	\$ 93,816	\$ 14,552,956
Joint Budget Committee	1,472,320	-	50,515	-	1,522,835	-	1,522,835
Legislative Council	6,145,452	-	162,413	-	6,307,865	-	6,307,865
Office of the State Auditor	6,987,984	-	186,787	-	7,174,771	1,109,331	8,284,102
Office of Legislative Legal Services	5,176,378	-	155,457	-	5,331,835	-	5,331,835
TOTAL	\$ 34,797,577	\$ (1,131)	\$ -	\$ -	\$ 34,796,446	\$ 1,203,147	\$ 35,999,593

For the Year Ended June 30, 2010

	Initial General Fund Appropriations	Supplemental Appropriations	In (Out) Appropriation Allocations	Rollforward of Prior Year Appropriations	Revised General Fund Appropriations	Cash and Cash Exempt Appropriations	Final Adjusted Appropriation
AGENCY							
General Assembly	\$ 15,071,524	\$ (25,156)	\$ (429,225)	\$ -	\$ 14,617,143	\$ 93,816	\$ 14,710,959
Joint Budget Committee	1,496,236	-	39,358	-	1,535,594	-	1,535,594
Legislative Council	6,232,333	-	126,543	-	6,358,876	250,000	6,608,876
Office of the State Auditor	7,102,577	-	142,200	-	7,244,777	1,033,640	8,278,417
Office of Legislative Legal Services	5,259,805	-	121,124	-	5,380,929	-	5,380,929
TOTAL	\$ 35,162,475	\$ (25,156)	\$ -	\$ -	\$ 35,137,319	\$ 1,377,456	\$ 36,514,775



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

Members of the Legislative Audit Committee:

We have audited the financial statements of each major fund of the Legislative Department of the State of Colorado (the "Department") as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated December 12, 2011. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

Anton Collins Mitchell LLP

Denver, Colorado
Certified Public Accountants
December 12, 2011

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

Required Communications to the Legislative Audit Committee

Professional standards require us to communicate with you regarding matters related to the financial statement audits that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. The following documents various matters with respect to the audits of the annual financial statements of the Legislative Department, State of Colorado (the “Department”) as of and for the years ended June 30, 2011 and 2010.

Our Responsibility Under Generally Accepted Auditing Standards

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

Required Communications – Internal Control Over Financial Reporting

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

Material Weakness	A deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company’s financial statements will not be prevented, or detected and corrected on a timely basis.
Significant Deficiency	A deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Control Deficiency	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

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

Required Communications

Legislative Department, State of Colorado and the Legislative Audit Committee

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

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

Critical accounting policies and practices

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

Adoption of a change in accounting principle

The Department adopted a change in accounting policy to meet the requirements of the Governmental Accounting Standards Board ("GASB") issuing Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The statement established fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable and spendable resources.

This adopted change in accounting policy resulted in the consolidation of the Ballot Publication Revolving Fund, the Legislative Expenses Fund, and the Youth Advisory Council Cash Fund, which were previously classified as special revenue funds, with the general fund. The change in fund classification from special revenue funds to general fund restricted resulted in a restatement of reported net assets as of June 30, 2009 representing an increase in net assets of the general fund and a corresponding decrease in net assets of the special revenue fund of \$3,643,806.

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

There were no material, corrected misstatements brought to the attention of management by the auditor.

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

No unrecorded misstatements were noted during our audits.

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

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

Disagreements with management

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

Consultation with other accountants

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

Required Communications

Legislative Department, State of Colorado and the Legislative Audit Committee

Major issues discussed with management prior to our retention

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

Significant difficulties encountered during the audit

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

Material alternative accounting treatments discussed with management

There was no discussion with management concerning alternative accounting treatments.

Representations requested from management

We have requested and received certain representations from management that are included in the management representation letter dated December 12, 2011.

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

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

Independence Communication

Our engagement letter describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Department with respect to independence as agreed to by the Department. Please refer to that letter for further information.

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

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

Very truly yours,

Anton Collins Mitchell LLP

December 12, 2011

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