

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

FINANCIAL AUDIT REPORT

YEARS ENDED JUNE 30, 2007 AND 2006

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LEGISLATIVE DEPARTMENT, STATE OF COLORADO

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LEGISLATIVE DEPARTMENT, STATE OF COLORADO

REPORT SUMMARY

YEARS ENDED JUNE 30, 2007 AND 2006

Authority:

The authority for this audit exists in the Colorado Constitution and State statute. A contract exists by and between the State of Colorado, through the State Auditor and the Legislative Audit Committee, and GHP Horwath, P.C. (“GHP” or the “Contract Auditors”), whereby the audits of the Legislative Department, State of Colorado (the “Department”) for the fiscal years ended June 30, 2007 and 2006 were performed by GHP.

Standards:

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

Purpose and scope:

The primary purpose of the engagement was to conduct financial and compliance audits of the Department, as of and for the fiscal years ended June 30, 2007 and 2006, 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 October 29, 2007, 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, 2007 and 2006, 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 October 29, 2007, has also been issued, which states that the results of the Contract Auditors’ tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

REPORT SUMMARY (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

Required auditor communications to the Legislative Audit Committee:

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

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

DESCRIPTION OF THE LEGISLATIVE DEPARTMENT

YEARS ENDED JUNE 30, 2007 AND 2006

LEGISLATIVE DEPARTMENT AGENCY DESCRIPTIONS:

General Assembly:

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

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

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

Joint Budget Committee:

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

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

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

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

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

DESCRIPTION OF THE LEGISLATIVE DEPARTMENT (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

LEGISLATIVE DEPARTMENT AGENCY DESCRIPTIONS (CONTINUED):

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

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 the General Assembly, upon a majority vote of the Legislative Audit Committee.

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

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

DESCRIPTION OF THE LEGISLATIVE DEPARTMENT (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

LEGISLATIVE DEPARTMENT AGENCY DESCRIPTIONS (CONTINUED):

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; 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.

Reapportionment Commission:

The Reapportionment Commission is appointed every ten years to reapportion the state legislative districts. The Reapportionment Commission is an eleven-member body comprised of four members of the General Assembly, three persons appointed by the Governor, and four persons appointed by the Chief Justice of the Colorado Supreme Court. The Reapportionment Commission was not active during Fiscal Years 2006 or 2007.

INDEPENDENT AUDITORS' REPORT

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Legislative Department (the "Department"), State of Colorado (the "State"), as of and for the years ended June 30, 2007 and 2006, as shown on pages 13 through 31. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issues by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2007, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Department, as of June 30, 2007 and 2006, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund and the special revenue funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 8 through 12 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2007 and 2006, and the changes in its financial position and budgetary comparisons for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Legislative Department's basic financial statements. The combining information, as shown on pages 32 through 38, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GHP Howarth, P.C.
October 29, 2007

LEGISLATIVE BRANCH, STATE OF COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2007 AND 2006

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis of the Legislative Branch's (the Department) financial performance is a required component of financial reporting under governmental accounting standards and was prepared by the Department's management. It is intended to provide an overview of the financial activities for fiscal years ended June 30, 2007 and 2006, and it should be read in conjunction with the financial statements, which begin on page 13. 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, 2007 and 2006. The Balance Sheets provide comparative information on the Department's assets, liabilities, and fund balance for the current and previous fiscal years. The Statements of Appropriations, Revenues, Expenditures, and Changes in Fund Balance provide information on the current and previous fiscal years' appropriations, revenues, expenditures, other financing sources (uses), and beginning and ending fund balances. The Budgetary Comparison Statements reflect the initial budget amounts, the cumulative changes made throughout the course of the year, the revised budget amounts, and the actual amounts received or expended. Finally, the notes to the financial statements contain a summary of significant accounting policies and more specific information about items in the financial statements.

Department Financial Statements:

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

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

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

The Department has an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided on pages 15-18 to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 13-14 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 19-31 of this report.

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

Supplemental Information:

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

FINANCIAL ANALYSIS:

General Fund:

Condensed Combined Balance Sheet – General Fund

	2007	2006	2005
Total Assets	\$ 829,090	\$ 1,536,674	\$ 1,679,096
Total Liabilities	2,500,696	3,065,922	3,158,260
Fund Balance	<u>\$ (1,671,606)</u>	<u>\$ (1,529,248)</u>	<u>\$ (1,479,164)</u>

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

	2007	2006	2005
Total Appropriations and Revenue	\$ 32,339,671	\$ 31,727,848	\$ 30,109,283
Total Expenditures	29,052,141	28,152,069	26,841,539
Excess of Appropriations and Revenues over Expenditures	3,287,530	3,575,779	3,267,744
Total Other Financing Uses	(3,429,888)	(3,625,863)	(3,303,120)
Deficiency of Appropriations and Revenues over Expenditures and Other Financing Uses	(142,358)	(50,084)	(35,376)
(Deficit) Fund Balance - Beginning of Year	(1,529,248)	(1,479,164)	(1,443,788)
(Deficit) Fund Balance - End of Year	<u>\$ (1,671,606)</u>	<u>\$ (1,529,248)</u>	<u>\$ (1,479,164)</u>

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

Between June 30, 2006, and June 30, 2007, the Department's total General Fund assets decreased by \$707,584. During this same period, total General Fund liabilities decreased by \$565,226.

Between June 30, 2005, and June 30, 2006, the Department's total General Fund assets decreased by \$142,422. During this same period, total General Fund liabilities decreased by \$92,338.

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

FINANCIAL ANALYSIS (CONTINUED):

General Fund (continued):

The Department's General Fund had deficit fund balances as follows: \$1,671,606 at June 30, 2007, \$1,529,248 at June 30, 2006, and \$1,479,164 at June 30, 2005. The deficit balances are due to salaries and related benefits being incurred but unpaid at fiscal year end as required by Senate Bill 03-197.

The Department's General Fund Revenues for the year ended June 30, 2007, were \$160,769, a 74.1 percent decrease from the year ended June 30, 2006, primarily due to a decrease in audit reimbursements. General Fund expenditures for the year ended June 30, 2007, were \$29,052,141, an increase of 3.2 percent over the year ended June 30, 2006. Other financing uses decreased by \$195,975 due to decreased reversions of unexpended appropriations and increased appropriation rollforwards and operating transfers out.

The Department's General Fund Revenues for the year ended June 30, 2006, were \$621,926, a 13 percent decrease from the year ended June 30, 2005, primarily due to a decrease in audit reimbursements. General Fund expenditures for the year ended June 30, 2006, were \$28,152,069, an increase of 4.9 percent over the year ended June 30, 2005. Other financing uses increased by \$322,743, primarily due to increased reversions of unexpended appropriations and appropriation rollforwards, and an increase in operating transfers out.

Special Revenue Funds:

Condensed Combined Balance Sheet – Special Revenue Funds

	2007	2006	2005
Total Assets	\$ 1,609,587	\$ 1,302,976	\$ 1,333,163
Total Liabilities	541	297	4,994
Fund Balance	\$ 1,609,046	\$ 1,302,679	\$ 1,328,169

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

	2007	2006	2005
Total Appropriations and Revenue	\$ 64,297	\$ 42,803	\$ 43,769
Total Expenditures	1,349,930	560,615	953,723
Deficiency of Appropriations and Revenues over Expenditures	(1,285,633)	(517,812)	(909,954)
Total Other Financing Sources	1,592,000	492,322	492,322
Excess (Deficiency) of Appropriations and Revenues over Expenditures and Other Financing Sources (Uses)	306,367	(25,490)	(417,632)
Fund Balance - Beginning of Year	1,302,679	1,328,169	1,745,801
Fund Balance - End of Year	\$ 1,609,046	\$ 1,302,679	\$ 1,328,169

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

FINANCIAL ANALYSIS (CONTINUED):

Special Revenue Funds (continued):

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

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

Between June 30, 2006, and June 30, 2007, the Department's Special Revenue Funds total assets increased by \$306,611, primarily due to year-end transfers of unexpended appropriations from the General Fund to the Special Revenue Funds as required by Senate Bill 07-223 and an increase in expenditures in the Ballot Information Publication and Distribution Revolving Fund. The transfers totaled \$1,100,000. The Special Revenue Fund fund balances increased in total by \$306,367.

Between June 30, 2005, and June 30, 2006, the Department's Special Revenue Funds total assets decreased by \$30,187, primarily in the Ballot Information Publication and Distribution Revolving Fund. The Special Revenue Fund balances decreased by \$25,490, primarily in the Ballot Information Publication and Distribution Revolving Fund.

For the year ended June 30, 2007, revenues for the Department's Special Revenue Funds were \$64,297, an increase of \$21,494 over the previous fiscal year, primarily due to increased interest earnings. Expenditures for the year ended June 30, 2007, were \$1,349,930, an increase of 140.8 percent over the previous fiscal year. This increase was primarily due to higher expenditures in the Ballot Information Publication and Distribution Revolving Fund, due to a higher number of ballot issues allowed by law in odd numbered fiscal years.

For the year ended June 30, 2006, revenues for the Department's Special Revenue Funds were \$42,803, a decrease of \$966 from the prior fiscal year. Expenditures for the year ended June 30, 2006, were \$560,615, a decrease of 41.2 percent from the previous fiscal year. This decrease was due to lower expenditures in the Ballot Information Publication and Distribution Revolving Fund, due to fewer number of ballot issues allowed by law in even numbered fiscal years.

BUDGETARY HIGHLIGHTS:

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

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

LEGISLATIVE BRANCH, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

BUDGETARY HIGHLIGHTS (CONTINUED):

Fiscal Year 2007 General Fund Budgetary Highlights:

The Department's original General Fund appropriations were \$31,762,787. The original budget was amended by one supplemental bill and several special bills. The Department's final General Fund appropriations for Fiscal Year 2007 were \$32,178,902, a 3.4 percent increase over Fiscal Year 2006. Total General Fund budgetary expenditures were \$30,501,783, and budget rollforwards to FY 2008 totaling \$334,328 were approved for outstanding commitments at year-end. The remaining budget of \$1,342,791 reverted to the General Fund.

Fiscal Year 2006 General Fund Budgetary Highlights:

The Department's original General Fund appropriations were \$30,746,230. The original budget was amended by one supplemental bill and several special bills. The Department's final General Fund appropriations for Fiscal Year 2006 were \$31,105,922, a 5.8 percent increase over Fiscal Year 2005. Total General Fund budgetary expenditures were \$28,549,058, and budget rollforwards to Fiscal Year 2007 totaling \$243,797 were approved for outstanding commitments at year-end. The remaining budget of \$2,313,067 reverted to the General Fund.

REQUEST FOR INFORMATION:

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

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

JUNE 30, 2007 AND 2006

	<u>2007</u>		<u>2006</u>		<u>Total</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Governmental Funds</u> <u>2007</u>	<u>2006</u>
ASSETS						
Cash	\$ (160,810)	\$ 1,609,587	\$ 440,044	\$ 1,302,976	\$ 1,448,777	\$ 1,743,020
Accounts receivable	230,438	-	328,622	-	230,438	328,622
Inter/Intrafund receivables	754,597	-	768,008	-	754,597	768,008
Prepaid expenses	4,865	-	-	-	4,865	-
TOTAL ASSETS	<u>\$ 829,090</u>	<u>\$ 1,609,587</u>	<u>\$ 1,536,674</u>	<u>\$ 1,302,976</u>	<u>\$ 2,438,677</u>	<u>\$ 2,839,650</u>
LIABILITIES						
Accounts payable	\$ 829,090	\$ 541	\$ 1,536,674	\$ 297	\$ 829,631	\$ 1,536,971
Accrued liabilities	1,671,606	-	1,529,248	-	1,671,606	1,529,248
TOTAL LIABILITIES	<u>2,500,696</u>	<u>541</u>	<u>3,065,922</u>	<u>297</u>	<u>2,501,237</u>	<u>3,066,219</u>
FUND BALANCE						
Reserved for specific purposes	-	1,609,046	-	1,302,679	1,609,046	1,302,679
Unreserved (Deficit)	(1,671,606)	-	(1,529,248)	-	(1,671,606)	(1,529,248)
TOTAL FUND (DEFICIT) BALANCE	<u>(1,671,606)</u>	<u>1,609,046</u>	<u>(1,529,248)</u>	<u>1,302,679</u>	<u>(62,560)</u>	<u>(226,569)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 829,090</u>	<u>\$ 1,609,587</u>	<u>\$ 1,536,674</u>	<u>\$ 1,302,976</u>	<u>\$ 2,438,677</u>	<u>\$ 2,839,650</u>

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

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

YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>		<u>2006</u>		<u>Total</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>2007</u>	<u>2006</u>
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 31,175,351	\$ -	\$ 29,841,043	\$ -	\$ 31,175,351	\$ 29,841,043
Cash Fund and Cash Fund Exempt	1,003,551	-	1,264,879	-	1,003,551	1,264,879
Total Appropriations	<u>32,178,902</u>	<u>-</u>	<u>31,105,922</u>	<u>-</u>	<u>32,178,902</u>	<u>31,105,922</u>
Revenue						
Miscellaneous revenue						
Audit reimbursements	115,312	-	566,602	-	115,312	566,602
Interest income	-	56,857	-	29,875	56,857	29,875
Miscellaneous	45,457	1,000	55,324	-	46,457	55,324
Sale of State Capitol history memorabilia	-	6,440	-	12,928	6,440	12,928
TOTAL APPROPRIATIONS AND REVENUES	<u>32,339,671</u>	<u>64,297</u>	<u>31,727,848</u>	<u>42,803</u>	<u>32,403,968</u>	<u>31,770,651</u>
EXPENDITURES						
Compensation	21,365,723	-	20,464,913	-	21,365,723	20,464,913
Purchased services	3,049,354	371,176	3,458,887	18,594	3,420,530	3,477,481
Operating expenditures	3,579,870	978,754	3,247,765	542,021	4,558,624	3,789,786
Travel and subsistence	818,903	-	805,892	-	818,903	805,892
Capital expenditures	205,322	-	141,643	-	205,322	141,643
Debt service	32,969	-	32,969	-	32,969	32,969
TOTAL EXPENDITURES	<u>29,052,141</u>	<u>1,349,930</u>	<u>28,152,069</u>	<u>560,615</u>	<u>30,402,071</u>	<u>28,712,684</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>3,287,530</u>	<u>(1,285,633)</u>	<u>3,575,779</u>	<u>(517,812)</u>	<u>2,001,897</u>	<u>3,057,967</u>
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds	-	-	108,063	-	-	108,063
Operating transfers in (out)	(1,592,000)	1,592,000	(555,136)	492,322	-	(62,814)
Authorized General Fund rollforward	(334,328)	-	(243,797)	-	(334,328)	(243,797)
Reversion of non-augmenting revenue	(160,769)	-	(621,926)	-	(160,769)	(621,926)
Reversion of General Fund appropriation	(1,194,221)	-	(2,059,520)	-	(1,194,221)	(2,059,520)
Reversion of Cash/Cash Exempt appropriation	(148,570)	-	(253,547)	-	(148,570)	(253,547)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,429,888)</u>	<u>1,592,000</u>	<u>(3,625,863)</u>	<u>492,322</u>	<u>(1,837,888)</u>	<u>(3,133,541)</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(142,358)</u>	<u>306,367</u>	<u>(50,084)</u>	<u>(25,490)</u>	<u>164,009</u>	<u>(75,574)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,529,248)</u>	<u>1,302,679</u>	<u>(1,479,164)</u>	<u>1,328,169</u>	<u>(226,569)</u>	<u>(150,995)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (1,671,606)</u>	<u>\$ 1,609,046</u>	<u>\$ (1,529,248)</u>	<u>\$ 1,302,679</u>	<u>\$ (62,560)</u>	<u>\$ (226,569)</u>

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

	YEAR ENDED JUNE 30, 2007					Budget	Actual	Favorable (Unfavorable) Balance
	Legislative Appropriations Bill	Long Appropriations Bill	Roll Forward Appropriations	Supplemental Appropriations	Transfers			
APPROPRIATIONS AND REVENUES								
Appropriations								
General Fund						\$ 31,175,351	\$ 31,175,351	\$ -
Cash Fund and Cash Fund Exempt						1,003,551	1,003,551	-
Total Appropriations						<u>32,178,902</u>	<u>32,178,902</u>	-
Revenues								
Miscellaneous revenue								
Audit reimbursements						-	115,312	115,312
Miscellaneous						-	45,457	45,457
TOTAL APPROPRIATIONS AND REVENUES						<u>32,178,902</u>	<u>32,339,671</u>	<u>160,769</u>
EXPENDITURES BY APPROPRIATION								
General administration	\$ 29,127,191	\$ -	\$ -	\$ -	\$ 135,866	29,263,057	27,760,761	1,502,296
PERA Amortization Equalization Disbursement	135,866				(135,866)	-	-	-
Authorized General Fund rollforward from FY 2005-06			243,797			243,797	241,764	2,033
Property tax study	-	638,500				638,500	601,552	36,948
Ballot analysis - operating transfer out	-	492,000				492,000	492,000	-
Tobacco settlement audit	89,900				(165)	89,735	89,735	-
Capitol complex leased space	-	1,222,516				1,222,516	1,222,516	-
Legal services	-	12,741				12,741	3,890	8,851
Purchase of services from computer center	-	8,788		39,178		47,966	47,966	-
Workers' compensation	-	29,276		(693)		28,583	28,583	-
General liability / property insurance	-	6,009		6,366		12,375	12,375	-
Meth Amphetamine Task Force				3,816		3,816	175	3,641
Finance Public Schools				3,816		3,816	466	3,350
Dynamic Modeling				120,000		120,000	-	120,000
TOTAL EXPENDITURES BY APPROPRIATION	<u>29,352,957</u>	<u>2,409,830</u>	<u>243,797</u>	<u>172,318</u>	<u>-</u>	<u>32,178,902</u>	<u>30,501,783</u>	<u>1,677,119</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS						-	1,837,888	1,837,888
OTHER FINANCING SOURCES (USES)								
Reversion of non-augmenting revenue						-	(160,769)	(160,769)
Reversion of General Fund appropriation							(1,194,221)	(1,194,221)
Reversion of Cash/Cash Exempt appropriation							(148,570)	(148,570)
Authorized General Fund rollforward							(334,328)	(334,328)
TOTAL OTHER FINANCING SOURCES (USES)							<u>(1,837,888)</u>	<u>(1,837,888)</u>
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)						-	-	-
FUND BALANCES, BEGINNING OF YEAR						-	-	-
FUND BALANCES, END OF YEAR						\$ -	\$ -	\$ -

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

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

YEAR ENDED JUNE 30, 2006

	Legislative Appropriations Bill	Long Appropriations Bill	Roll Forward Appropriations	Supplemental Appropriation	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES								
Appropriations								
General Fund						\$ 29,841,043	\$ 29,841,043	\$ -
Cash Fund and Cash Fund Exempt						1,264,879	1,264,879	-
Total Appropriations						<u>31,105,922</u>	<u>31,105,922</u>	<u>-</u>
Revenues								
Miscellaneous revenue								
Audit reimbursements						-	566,602	566,602
Miscellaneous						-	55,324	55,324
TOTAL APPROPRIATIONS AND REVENUES						<u>31,105,922</u>	<u>31,727,848</u>	<u>621,926</u>
EXPENDITURES BY APPROPRIATION								
General administration	\$ 28,052,553	\$ -	\$ -	\$ -	\$ 38,733	28,091,286	25,800,238	2,291,048
PERA Amortization Equalization Disbursement	38,733				(38,733)	-	-	-
Authorized General Fund rollforward from FY 2004-05			154,634			154,634	153,517	1,117
Insurance Proceeds rollforward from FY 2004-05			1,511			1,511	337	1,174
MICJS rollforward from FY 2004-05			7,001			7,001	1,565	5,436
Property tax study	-	638,500				638,500	624,990	13,510
Cost of living study		182,000				182,000	144,300	37,700
Ballot analysis - operating transfer out	-	492,322				492,322	492,322	-
Tobacco settlement audit	88,878					88,878	44,838	44,040
Capitol complex leased space	-	1,195,632		(12,586)		1,183,046	1,183,046	-
Legal services	-	12,117				12,117	12,117	-
Purchase of services from computer center	-	8,165		584		8,749	8,749	-
Workers' compensation	-	29,677		(2,744)		26,933	26,933	-
General liability / property insurance	-	7,653		(4,197)		3,456	3,455	1
State Veterans and Nursing Homes Evaluation						19,489	4,871	14,618
HIFA Waiver						20,000	15,780	4,220
Dynamic Modeling						120,000	-	120,000
Energy Council						56,000	32,000	24,000
TOTAL EXPENDITURES BY APPROPRIATION	<u>28,180,164</u>	<u>2,566,066</u>	<u>163,146</u>	<u>196,546</u>	<u>-</u>	<u>31,105,922</u>	<u>28,549,058</u>	<u>2,556,864</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS						<u>-</u>	<u>3,178,790</u>	<u>3,178,790</u>
OTHER FINANCING SOURCES (USES)								
Reversion of non-augmenting revenue						-	(621,926)	(621,926)
Operating transfer out						-	-	-
Reversion of General Fund appropriation							(2,059,520)	(2,059,520)
Reversion of Cash/Cash Exempt appropriation						-	(253,547)	(253,547)
Authorized General Fund rollforward							(243,797)	(243,797)
TOTAL OTHER FINANCING USES						<u>-</u>	<u>(3,178,790)</u>	<u>(3,178,790)</u>
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)						<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING OF YEAR						<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR						<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

YEAR ENDED JUNE 30, 2007

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Ballot Information and Publication Fund					\$ 492,000	\$ 492,000	\$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	6,440	6,440
Miscellaneous revenue							
Interest income					-	56,857	56,857
Year-end operating transfers in					-	1,100,000	1,100,000
Miscellaneous revenue						1,000	1,000
TOTAL APPROPRIATIONS AND REVENUES					<u>492,000</u>	<u>1,656,297</u>	<u>1,164,297</u>
EXPENDITURES BY APPROPRIATION							
Ballot analysis - operating transfer in	\$ -	\$ 492,000		\$ -	492,000	1,288,623	(796,623)
Legislative expenses						50,000	(50,000)
Public building	-	-	-	-	-	11,307	(11,307)
TOTAL EXPENDITURES BY APPROPRIATION	<u>-</u>	<u>492,000</u>	<u>-</u>	<u>-</u>	<u>492,000</u>	<u>1,349,930</u>	<u>(857,930)</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>306,367</u>	<u>306,367</u>
FUND BALANCE, BEGINNING OF YEAR					-	1,302,679	1,302,679
FUND BALANCE, END OF YEAR					<u>\$ -</u>	<u>\$ 1,609,046</u>	<u>\$ 1,609,046</u>

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

YEAR ENDED JUNE 30, 2006

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Ballot Information and Publication Fund					\$ 492,322	\$ 492,322	\$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	12,928	12,928
Miscellaneous revenue							
Interest income					-	29,875	29,875
Year-end operating transfers in					-	-	-
TOTAL APPROPRIATIONS AND REVENUES					<u>492,322</u>	<u>535,125</u>	<u>42,803</u>
EXPENDITURES BY APPROPRIATION							
Ballot analysis - operating transfer in	\$ -	\$ 492,322		\$ -	492,322	559,650	(67,328)
Public building	-	-	-	-	-	965	(965)
TOTAL EXPENDITURES BY APPROPRIATION	<u>-</u>	<u>492,322</u>	<u>-</u>	<u>-</u>	<u>492,322</u>	<u>560,615</u>	<u>(68,293)</u>
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>(25,490)</u>	<u>(25,490)</u>
FUND BALANCE, BEGINNING OF YEAR					<u>-</u>	<u>1,328,169</u>	<u>1,328,169</u>
FUND BALANCE, END OF YEAR					<u>\$ -</u>	<u>\$ 1,302,679</u>	<u>\$ 1,302,679</u>

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 1 - DEFINITION OF REPORTING ENTITY:

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

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

The Department is not financially accountable for any other organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

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

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

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

The Legislative Department reports the following two governmental fund types:

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

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

The Department has the following three special revenue funds:

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

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

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

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

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

B. Budgets:

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

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

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

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

- Expenditures for budgetary purposes exclude amounts for salaries and benefits incurred but unpaid at year-end.
- Expenditures for budgetary purposes exclude amounts for capital assets acquired under a capital lease.
- Payments from the General Fund to the Ballot Information Publication and Distribution Revolving Fund, the Legislative Expenses Cash Fund, and the Department of Health Care Policy and Financing are treated as expenditures for budgetary purposes and as operating transfers for GAAP purposes.

Budget to GAAP differences for General Fund expenditures for the fiscal years ended June 30, 2007, and 2006, are as follows:

	<u>2007</u>	<u>2006</u>
Total expenditures, GAAP basis	\$ 29,052,141	\$ 28,152,069
Increase in salaries incurred but unpaid	(142,358)	(50,085)
Capital lease expenditures		(108,063)
Transfers to Ballot Revolving Fund, Legislative Expenses Cash Fund, and Department of Health Care Policy and Financing	<u>1,592,000</u>	<u>555,137</u>
Total expenditures, budgetary basis	<u>\$ 30,501,783</u>	<u>\$ 28,549,058</u>

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

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

C. Cash:

The balance in cash at June 30, 2007 and 2006, 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 revenues have 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, 2007 and 2006. The State Treasurer does not invest any of the pool in any external investment pool, and there is no assignment of income related to participation in the pool. The unrealized gains and losses included in "Interest Income" reflect only the change in fair value during the current fiscal year. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

D. Capital Assets:

Capital assets are recorded 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:

In the fund financial statements, a portion of the fund balance has been reserved for amounts that are legally segregated or are not subject to future appropriation. The reserved fund balance in the Ballot Information Publication and Distribution Revolving Fund is to be used exclusively for the printing and distribution of annual ballot information. The fund balance in the Ballot Information Publication and Distribution Fund was \$506,441 at June 30, 2007, and \$774,558 at June 30, 2006. The reserved fund balance in the Public Buildings Trust Fund is to be used exclusively for the promotion of history publications and memorabilia related to the Capitol Building. The fund balance in the Public Buildings Trust Fund was \$13,250 at June 30, 2007, and \$17,117 at June 30, 2006. The reserved fund balance in the Legislative Expenses Cash Fund is to be used exclusively for the legal expenses of the Legislative Branch, expenses relating to legislative aides, expenses relating to the upkeep and furnishings of space occupied by the Legislative Branch, and expenses relating to electronic voting equipment in the chambers of the Senate and the House of Representatives. The fund balance in the Legislative Expenses Cash Fund was \$1,089,355 at June 30, 2007, and \$511,004 at June 30, 2006.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

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

F. Fund Balance (continued):

At June 30, 2007, and 2006, the General Fund had unreserved deficit fund balances of \$1,671,606 and \$1,529,248, respectively. These negative fund balances are due to salaries and benefits being incurred but unpaid at fiscal year end as discussed in Note 3. The Department received the appropriation to pay those salaries and benefits on July 1 of the following year.

NOTE 3 - ACCRUED SALARIES AND BENEFITS:

Senate Bill 03-197 requires employee salaries to be paid on a monthly basis as of the last working day of the month, except that salaries for the month of June shall be paid on the first working day of July. The salaries and benefits earned, but unpaid, as of June 30, 2007, and 2006, were \$1,671,606 and \$1,529,248, respectively. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 4 - APPROPRIATIONS AND REVENUES:

The Legislative Department's primary funding source consists of an appropriation from the State's General Fund. This appropriation is supplemented by appropriations from cash funds and cash exempt funds. The cash funds appropriated to the Department are from sales of publications. Cash exempt funds are transfers from other agencies within the State. These funds are designated as "exempt" because they are exempt from the Taxpayer's Bill of Rights (TABOR) calculations discussed in Note 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 specified that \$90,000 of revenue earned by the sale of bill copies was available for expenditure by the General Assembly. Receipts for sales in excess of that amount each year, as well as receipts for sales of Colorado Revised Statutes and supplements, were not available for expenditure by the Department. The Legislative Department appropriation also specified that \$700,000 of audit revenue was available for expenditure by the Office of the State Auditor. Receipts in excess of that amount were not available for expenditure.

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

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 2007 was \$2,286,046 and for Fiscal Year 2006 was \$1,393,965. These amounts are not reflected in audit reimbursement revenue.

As of June 30, 2007 and 2006, the Office of the State Auditor had contract commitments of \$922,503 and \$781,603, respectively, with independent certified accountants (and/or non-accounting firms) to perform audit and consulting services.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 6 - TAX, SPENDING, AND DEBT LIMITATIONS:

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

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

TABOR does not affect the Department's Fiscal Year 2007 and 2006 financial statements; however, the limitations contained in TABOR may impact future financial activity of the State of Colorado and the Department.

NOTE 7 - RELATED PARTY TRANSACTIONS:

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

NOTE 8 - OPERATING LEASES

The Department had several operating leases for equipment and paid rent for the capitol complex building space and office space leased outside of the capitol complex used by Legislative Department service agencies. Total operating lease (rent) expense for Fiscal Years 2007 and 2006 amounted to \$1,457,461 and \$1,416,943, respectively. Future minimum commitments for the capitol complex lease do not exceed one year. Operating leases for equipment expire December 2007 through December 2011, and the office space lease expires in June 2012. The future minimum annual rental commitments are as follows:

<u>Years</u> <u>ending June 30,</u>	<u>Minimum</u> <u>lease payments</u>
2008	\$ 218,307
2009	111,252
2010	71,485
2011	71,485
2012	15,020
	<u>\$ 487,549</u>

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 9 - CAPITAL ASSETS:

Pursuant to the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 34, the Department’s fixed assets are reported only in the statewide financial statements. In addition, these fixed assets are depreciated over their estimated useful lives, but depreciation expense is also reported only in the statewide financial statements.

Fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated. The capitalization criterion for fixed assets is \$5,000 for furniture, equipment, and software. Fixed assets are depreciated using the straight-line method over the estimated useful lives of the related assets, which range from 3 years to 39 years.

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

	<u>Equipment</u>	<u>Software</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:				
Balances, July 1, 2005	\$ 1,265,638	\$ 83,000	\$ -	\$ 1,348,638
Additions	<u>135,951</u>	<u>5,693</u>	<u>-</u>	<u>141,644</u>
Balances, June 30, 2006	1,401,589	88,693	-	1,490,282
Additions	163,148	-	42,173	205,321
Deletions	<u>(32,279)</u>	<u>-</u>	<u>-</u>	<u>(32,279)</u>
Balances, June 30, 2007	<u>1,532,458</u>	<u>88,693</u>	<u>42,173</u>	<u>1,663,324</u>
Accumulated depreciation:				
Balances, July 1, 2005	(866,766)	(8,300)	-	(875,066)
Additions	<u>(138,443)</u>	<u>(17,549)</u>	<u>-</u>	<u>(155,992)</u>
Balances, June 30, 2006	(1,005,209)	(25,849)	-	(1,031,058)
Additions	(146,294)	(18,497)	(4,217)	(169,008)
Deletions	30,911	-	-	30,911
Balances, June 30, 2007	<u>(1,120,592)</u>	<u>(44,346)</u>	<u>(4,217)</u>	<u>(1,169,155)</u>
Total capital assets, net, June 30, 2007	<u>\$ 411,866</u>	<u>\$ 44,347</u>	<u>\$ 37,956</u>	<u>\$ 494,169</u>

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 10 - LONG-TERM OBLIGATIONS:

Long-term liability activity for the fiscal years ended June 30, 2007, and 2006, included capital leases and compensated absences and were as follows:

	Capital lease	Compensated absences	Total
Balances, July 1, 2005	\$ 24,375	\$ 1,483,222	\$ 1,507,597
Additions	108,063	57,327	165,390
Reductions	(31,212)	(62,419)	(93,631)
Balances, June 30, 2006	101,226	1,478,130	1,579,356
Additions	-	172,327	172,327
Reductions	(29,210)	(2,317)	(31,527)
Balances, June 30, 2007	<u>\$ 72,016</u>	<u>\$ 1,648,140</u>	<u>\$ 1,720,156</u>
Due within one year	<u>\$ 28,141</u>	<u>\$ 7,468</u>	<u>\$ 35,609</u>

The Department has two capital leases. In April 2003, the Department entered into a capital lease agreement to finance the acquisition of an AB Dick 9975 PFA Press #6983 for \$40,500. The capital lease has an effective interest rate of 8.5 percent and is collateralized by the leased equipment. The lease expires in March 2008. In December 2005, the Department entered into a capital lease agreement to finance the acquisition of electronic audio archiving equipment for \$108,063. The capital lease has an effective interest rate of approximately 3.2 percent and is collateralized by the leased equipment. The lease expires in December 2009. The future annual lease payments required for these capital leases are as follows:

Years ending June 30,	Interest	Principal	Total payments
2008	\$ 2,335	\$ 28,141	\$ 30,476
2009	1,407	21,591	22,998
2010	714	22,284	22,998
	<u>\$ 4,456</u>	<u>\$ 72,016</u>	<u>\$ 76,472</u>

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.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 11 – PENSION PLANS (CONTINUED):

A. Plan Description (continued):

Non-higher education employees hired by the state after January 1, 2006, are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the state's Deferred Compensation Committee, a defined contribution plan administered by PERA, or PERA's defined benefit 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 both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

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

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005, and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

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

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

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

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 11 – PENSION PLANS (CONTINUED):

A. Plan Description (continued):

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

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

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

B. Funding Policy:

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

Most employees contribute 8.0 percent of their salary, as defined in C.R.S. 24-51-101(42), to an individual account in the plan. From July 1, 2005, to December 31, 2005, the state contributed 10.15 percent of the employee's salary. From January 1, 2006, through December 31, 2006, the state contributed 10.65 percent of the employee's salary. From January 1, 2007, through June 30, 2007, the state contributed 11.15 percent of the employee's salary. During Fiscal Years 2007 and 2006, 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, 2005, the division of PERA in which the state participates was underfunded with an infinite amortization period, which means that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

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

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 11 – PENSION PLANS (CONTINUED):

B. Funding Policy (continued):

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

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

The Legislative Department's contributions to the Defined Benefit Plan and the Health Care Trust Fund for fiscal years ending June 30, 2007, 2006, and 2005 were \$1,544,517, \$1,451,061, and \$1,380,455, respectively. These contributions met the contribution requirement for each year.

NOTE 12 - VOLUNTARY TAX-DEFERRED RETIREMENT PLANS:

PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer 403b or 401(a) plans.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE:

A. Health Care Program:

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. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. Effective July 1, 2000, the maximum monthly 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.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE (CONTINUED):

A. Health Care Program (continued):

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

Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured medical benefit plans, and another carrier for prescription benefits, and with several health maintenance organizations providing services within Colorado. As of December 31, 2006, there were 42,433 enrollees in the plan.

B. Life Insurance Program:

During Fiscal Years 2007 and 2006, PERA provided its members access to a group decreasing term life insurance plan offered by UnumProvident in which 41,101 members participated. Active members may join the UnumProvident Plan and continue coverage into retirement. Premiums are collected by monthly payroll deductions or other means. In addition, PERA maintained coverage for 12,790 members under closed group plans underwritten by Anthem Life, Prudential, and New York Life.

NOTE 14 - DEFINED CONTRIBUTION PLAN:

On January 1, 1999, the State began providing a defined contribution plan for certain employees identified in statute. The plan is authorized by Colorado Revised Statutes 24-52-201 through 24-52-208 and is governed by the rules and regulations established for the plan by the nine-member Defined Contribution Retirement Committee. The State is the sole contributing employer of the plan.

Prior to January 1, 2006, the following State employees were eligible to participate in the plan: a member of the General Assembly, the Governor, the Lieutenant Governor, the Attorney General, the chief deputy attorney general, the solicitor general, the Secretary of State, the deputy secretary of state, the State Treasurer, the deputy state treasurer, a district attorney, an assistant district attorney, a chief deputy district attorney, a deputy district attorney, or other employee of a district attorney, a member of the Public Utilities Commission, an executive director of a department of state appointed by the Governor, an employee of the Senate or the House of Representatives, and a nonclassified employee of the Governor's Office.

After December 31, 2005, in addition to the individuals listed above, any new employee hired in the state personnel system is eligible to participate in the defined contribution plan unless the employee is:

- an employee of a Higher Education Institution,
- commencing employment as an elected official, or
- has been a member of the Public Employees Retirement Association (PERA) within the prior twelve months.

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 14 - DEFINED CONTRIBUTION PLAN (CONTINUED):

Notwithstanding these limitations, an employee is eligible to participate in the defined contribution plan if they are a PERA retiree serving as a state elected official. Participation in the plan by eligible employees is voluntary; however if the election to participate is not made within 60 days of the start of employment, the employee automatically becomes a member of the Public Employees Retirement Association (PERA).

Contributions to the plan are set in statute as a percent of salary and are required to be the same as the contributions to the defined benefit plan and defined contribution plans administered by PERA. Both the employee and employer contributions to the plan are 100 percent vested from the first day of employment. From July 1, 2005 to December 31, 2005, the state contribution rate was 10.15 percent. From January 1, 2006, to December 31, 2006, the state contribution rate was 10.65 percent. From January 1, 2007, to June 30, 2007, the state contribution rate was 11.15 percent. The employee was required to contribute 8 percent of gross covered wages throughout Fiscal Years 2007 and 2006. The Legislative Department contributions for the fiscal years ending June 30, 2007, and 2006, were \$344,214 and \$288,649, respectively.

NOTE 15 - RISK MANAGEMENT:

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

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.

SUPPLEMENTAL INFORMATION

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

JUNE 30, 2007

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total
ASSETS						
Cash	\$ 177,792	\$ 2,132	\$ 4,598	\$ (565,504)	\$ 220,172	\$ (160,810)
Accounts receivable	-	-	-	230,438	-	230,438
Inter/Intrafund receivables	-	-	-	754,597	-	754,597
Prepaid expenses	-			4,865		4,865
TOTAL ASSETS	\$ 177,792	\$ 2,132	\$ 4,598	\$ 424,396	\$ 220,172	\$ 829,090
 LIABILITIES						
Accounts payable	\$ 177,792	\$ 2,132	\$ 4,598	\$ 424,396	\$ 220,172	\$ 829,090
Accrued liabilities	540,832	95,313	327,796	390,528	317,137	1,671,606
TOTAL LIABILITIES	718,624	97,445	332,394	814,924	537,309	2,500,696
 FUND BALANCE						
Unreserved	(540,832)	(95,313)	(327,796)	(390,528)	(317,137)	(1,671,606)
TOTAL LIABILITIES AND FUND BALANCE	\$ 177,792	\$ 2,132	\$ 4,598	\$ 424,396	\$ 220,172	\$ 829,090

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

JUNE 30, 2006

	<u>General Assembly</u>	<u>Joint Budget Committee</u>	<u>Legislative Council</u>	<u>Office of the State Auditor</u>	<u>Office of Legislative Legal Services</u>	<u>Total</u>
ASSETS						
Cash	\$ 104,511	\$ 1,897	\$ 5,345	\$ 146,144	\$ 182,147	\$ 440,044
Accounts receivable	-	-	-	328,622	-	328,622
Inter/Intrafund receivable	1,214	-	-	766,794	-	768,008
TOTAL ASSETS	<u>\$ 105,725</u>	<u>\$ 1,897</u>	<u>\$ 5,345</u>	<u>\$ 1,241,560</u>	<u>\$ 182,147</u>	<u>\$ 1,536,674</u>
LIABILITIES						
Accounts payable	\$ 105,725	\$ 1,897	\$ 5,345	\$ 1,241,560	\$ 182,147	\$ 1,536,674
Accrued liabilities	512,338	100,129	305,159	311,121	300,501	1,529,248
TOTAL LIABILITIES	<u>618,063</u>	<u>102,026</u>	<u>310,504</u>	<u>1,552,681</u>	<u>482,648</u>	<u>3,065,922</u>
FUND BALANCE						
Unreserved	(512,338)	(100,129)	(305,159)	(311,121)	(300,501)	(1,529,248)
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 105,725</u>	<u>\$ 1,897</u>	<u>\$ 5,345</u>	<u>\$ 1,241,560</u>	<u>\$ 182,147</u>	<u>\$ 1,536,674</u>

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

YEAR ENDED JUNE 30, 2007

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 12,691,669	\$ 1,355,584	\$ 5,888,744	\$ 6,377,266	\$ 4,862,088	\$ 31,175,351
Cash Fund and Cash Fund Exempt	93,816	-	120,000	789,735	-	1,003,551
Total Appropriations	12,785,485	1,355,584	6,008,744	7,167,001	4,862,088	32,178,902
Revenues						
Miscellaneous revenue						
Audit reimbursements	-	-	-	115,312	-	115,312
Miscellaneous	11,233	267	951	816	32,190	45,457
TOTAL APPROPRIATIONS AND REVENUES	12,796,718	1,355,851	6,009,695	7,283,129	4,894,278	32,339,671
EXPENDITURES						
Compensation	7,720,119	1,248,344	4,152,239	4,335,172	3,909,849	21,365,723
Purchased services	356,204	150	601,668	1,735,985	355,347	3,049,354
Operating expenditures	2,745,871	23,976	374,166	250,712	185,145	3,579,870
Travel and subsistence	766,513	3,944	11,037	17,637	19,772	818,903
Capital expenditures	78,748	-	-	126,574	-	205,322
Debt service	9,971	-	22,998	-	-	32,969
TOTAL EXPENDITURES	11,677,426	1,276,414	5,162,108	6,466,080	4,470,113	29,052,141
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	1,119,292	79,437	847,587	817,049	424,165	3,287,530
OTHER FINANCING SOURCES (USES)						
Operating transfer out	(1,100,000)	-	(492,000)		-	(1,592,000)
Authorized General Fund rollforward			(69,636)	(36,340)	(228,352)	(334,328)
Reversion of non-augmenting revenue	(11,233)	(267)	(951)	(116,128)	(32,190)	(160,769)
Reversion of General Fund appropriation	(25,796)	(74,354)	(187,637)	(726,175)	(180,259)	(1,194,221)
Reversion of Cash/Cash Exempt appropriation	(10,757)	-	(120,000)	(17,813)		(148,570)
TOTAL OTHER FINANCING SOURCES (USES)	(1,147,786)	(74,621)	(870,224)	(896,456)	(440,801)	(3,429,888)
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(28,494)	4,816	(22,637)	(79,407)	(16,636)	(142,358)
(DEFICIT) FUND BALANCE, BEGINNING OF YEAR	(512,338)	(100,129)	(305,159)	(311,121)	(300,501)	(1,529,248)
(DEFICIT) FUND BALANCE, END OF YEAR	\$ (540,832)	\$ (95,313)	\$ (327,796)	\$ (390,528)	\$ (317,137)	\$ (1,671,606)

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

YEAR ENDED JUNE 30, 2006

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 12,155,512	\$ 1,299,198	\$ 5,765,354	\$ 6,024,156	\$ 4,596,823	\$ 29,841,043
Cash Fund and Cash Fund Exempt	158,545	-	310,523	788,878	6,933	1,264,879
Total Appropriations	12,314,057	1,299,198	6,075,877	6,813,034	4,603,756	31,105,922
Revenues						
Miscellaneous revenue						
Audit reimbursements	-	-	-	566,602	-	566,602
Miscellaneous	10,656	-	537	10,576	33,555	55,324
TOTAL APPROPRIATIONS AND REVENUES	12,324,713	1,299,198	6,076,414	7,390,212	4,637,311	31,727,848
EXPENDITURES						
Compensation	7,509,274	1,233,472	4,012,239	3,943,416	3,766,512	20,464,913
Purchased services	273,556	-	769,290	2,124,522	291,519	3,458,887
Operating expenditures	2,413,252	36,946	340,739	280,726	176,102	3,247,765
Travel and subsistence	748,259	3,681	14,258	20,457	19,237	805,892
Capital expenditures	15,004	-	108,063	18,576	-	141,643
Debt service	9,971	-	22,998	-	-	32,969
TOTAL EXPENDITURES	10,969,316	1,274,099	5,267,587	6,387,697	4,253,370	28,152,069
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	1,355,397	25,099	808,827	1,002,515	383,941	3,575,779
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds			108,063			108,063
Operating transfer out	-	-	(492,322)	(62,814)	-	(555,136)
Authorized General Fund rollforward	(83,569)		(119,291)		(40,937)	(243,797)
Reversion of non-augmenting revenue	(10,656)	-	(537)	(577,178)	(33,555)	(621,926)
Reversion of General Fund appropriation	(1,240,151)	(28,793)	(158,028)	(317,605)	(314,943)	(2,059,520)
Reversion of Cash/Cash Exempt appropriation	(36,688)	-	(166,223)	(44,040)	(6,596)	(253,547)
TOTAL OTHER FINANCING SOURCES (USES)	(1,371,064)	(28,793)	(828,338)	(1,001,637)	(396,031)	(3,625,863)
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(15,667)	(3,694)	(19,511)	878	(12,090)	(50,084)
(DEFICIT) FUND BALANCE, BEGINNING OF YEAR	(496,671)	(96,435)	(285,648)	(311,999)	(288,411)	(1,479,164)
(DEFICIT) FUND BALANCE, END OF YEAR	\$ (512,338)	\$ (100,129)	\$ (305,159)	\$ (311,121)	\$ (300,501)	\$ (1,529,248)

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

YEAR ENDED JUNE 30, 2007

	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	\$ 12,649,711	\$ 44,851	\$ (86,462)	\$ 83,569	\$ 12,691,669	\$ 93,816	\$ 12,785,485
Joint Budget Committee	1,347,671		7,913		1,355,584	-	1,355,584
Legislative Council	5,743,688		25,765	119,291	5,888,744	120,000	6,008,744
Office of the State Auditor	6,349,117		28,149		6,377,266	789,735	7,167,001
Office of Legislative Legal Services	4,796,516		24,635	40,937	4,862,088		4,862,088
TOTAL	\$ 30,886,703	\$ 44,851	\$ -	\$ 243,797	\$ 31,175,351	\$ 1,003,551	\$ 32,178,902

YEAR ENDED JUNE 30, 2006

	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	\$ 12,198,991	\$ (18,943)	\$ (24,536)		\$ 12,155,512	\$ 158,545	\$ 12,314,057
Joint Budget Committee	1,296,930		2,268		1,299,198	-	1,299,198
Legislative Council	5,623,970		7,386	133,998	5,765,354	310,523	6,075,877
Office of the State Auditor	6,016,190		7,966		6,024,156	788,878	6,813,034
Office of Legislative Legal Services	4,569,271		6,916	20,636	4,596,823	6,933	4,603,756
TOTAL	\$ 29,705,352	\$ (18,943)	\$ -	\$ 154,634	\$ 29,841,043	\$ 1,264,879	\$ 31,105,922

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

JUNE 30, 2007 AND 2006

	2007			2006			Totals	
	Public Buildings Trust Fund	Ballot Publication Revolving Fund	Legislative Expenses Cash Fund	Public Buildings Trust Fund	Ballot Publication Revolving Fund	Legislative Expenses Cash Fund	2007	2005
ASSETS								
Cash	\$ 13,317	\$ 506,915	\$ 1,089,355	\$ 17,216	\$ 774,756	\$ 511,004	\$ 1,609,587	\$ 1,302,976
TOTAL ASSETS	<u>\$ 13,317</u>	<u>\$ 506,915</u>	<u>\$ 1,089,355</u>	<u>\$ 17,216</u>	<u>\$ 774,756</u>	<u>\$ 511,004</u>	<u>\$ 1,609,587</u>	<u>\$ 1,302,976</u>
LIABILITIES								
Accounts payable	\$ 67	\$ 474	\$ -	\$ 99	\$ 198	\$ -	\$ 541	\$ 297
TOTAL LIABILITIES	<u>67</u>	<u>474</u>	<u>-</u>	<u>99</u>	<u>198</u>	<u>-</u>	<u>541</u>	<u>297</u>
FUND BALANCE								
Reserved for specific purpose	13,250	506,441	1,089,355	17,117	774,558	511,004	1,609,046	1,302,679
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,317</u>	<u>\$ 506,915</u>	<u>\$ 1,089,355</u>	<u>\$ 17,216</u>	<u>\$ 774,756</u>	<u>\$ 511,004</u>	<u>\$ 1,609,587</u>	<u>\$ 1,302,976</u>

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

YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006			Totals	
	Public Buildings Trust Fund	Ballot Publication Revolving Fund	Legislative Expenses Cash Fund	Public Buildings Trust Fund	Ballot Publication Revolving Fund	Legislative Expenses Cash Fund	2007	2006
REVENUES								
Sale of State Capitol history memorabilia	\$ 6,440	\$ -	\$ -	\$ 12,928	\$ -	\$ -	\$ 6,440	\$ 12,928
Miscellaneous Revenue								
Interest income	-	28,506	28,351	-	15,536	14,339	56,857	29,875
Miscellaneous revenue	1,000	-	-	-	-	-	1,000	-
TOTAL REVENUE	7,440	28,506	28,351	12,928	15,536	14,339	64,297	42,803
EXPENDITURES								
Purchased services	-	371,176	-	-	18,594	-	371,176	18,594
Operating expenditures	11,307	917,447	50,000	965	541,056	-	978,754	542,021
TOTAL EXPENDITURES	11,307	1,288,623	50,000	965	559,650	-	1,349,930	560,615
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,867)	(1,260,117)	(21,649)	11,963	(544,114)	14,339	(1,285,633)	(517,812)
OTHER FINANCING SOURCES								
Operating Transfer In	-	992,000	600,000	-	492,322	-	1,592,000	492,322
TOTAL OTHER FINANCING SOURCES	-	992,000	600,000	-	492,322	-	1,592,000	492,322
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(3,867)	(268,117)	578,351	11,963	(51,792)	14,339	306,367	(25,490)
FUND BALANCE, BEGINNING OF YEAR	17,117	774,558	511,004	5,154	826,350	496,665	1,302,679	1,328,169
FUND BALANCE, END OF YEAR	\$ 13,250	\$ 506,441	\$ 1,089,355	\$ 17,117	\$ 774,558	\$ 511,004	\$ 1,609,046	\$ 1,302,679

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

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

Members of the Legislative Audit Committee:

We have audited the financial statements of the Legislative Department, State of Colorado (the “Department”) as of June 30, 2007 and 2006, and for the years then ended, and have issued our report thereon dated October 29, 2007. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is no more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

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

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

Compliance and Other Matters

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

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

GHP Hewitt, P.C.

October 29, 2007

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

October 29, 2007

Members of the Legislative Audit Committee:

We have audited the financial statements of the Legislative Department, State of Colorado (the “Department”) as of June 30, 2007 and June 30, 2006, and for the years then ended, and have issued our report thereon dated October 29, 2007. Professional standards require that we provide you with the following information related to our audits.

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

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

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

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

Significant Accounting Policies

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

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

Management Judgments and Accounting Estimates

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

Audit Adjustments

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

There were no audit adjustments or waived audit adjustments identified in connection with the June 30, 2007 and 2006 audits.

Other Information in Documents Containing Audited Financial Statements

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

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

The non-required supplemental information, which includes certain combining and other schedules, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Disagreements with Management

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

Consultations with Other Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

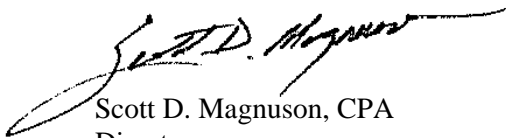
Independence

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

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

Sincerely,

GHP HORWATH, P.C.



Scott D. Magnuson, CPA
Director

LEGISLATIVE DEPARTMENT, STATE OF COLORADO

DISTRIBUTION PAGE

YEARS ENDED JUNE 30, 2007 AND 2006

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