Legislative Department
State of Colorado

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

For the Years Ended June 30, 2017 and 2016

Anton Collins Mitchell LLP
Accountants & Consultants

LEGISLATIVE AUDIT COMMITTEE

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STATE OF COLORADO
LEGISLATIVE DEPARTMENT
YEARS ENDED JUNE 30, 2017 AND 2016

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Authority

The audit of the Legislative Department was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all institutions of the State of Colorado. A contract exists by and between the State of Colorado, through the State Auditor and the Legislative Audit Committee, and Anton Collins Mitchell LLP (ACM or the Contract Auditors), whereby the audits of the Legislative Department, State of Colorado (the Department) for the fiscal years ended June 30, 2017 and 2016 were performed by ACM.

Standards

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

Purpose and Scope

The primary purpose of the engagement was to conduct financial and compliance audits of the Department, as of and for the fiscal years ended June 30, 2017 and 2016, 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.

Auditor's Reports

An independent auditor's report on the financial statements of the Department dated December 4, 2017, has been issued, which states that the financial statements present fairly, in all material respects, the respective financial position of each major fund of the Department as of June 30, 2017 and 2016, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Special Revenue Fund for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

A report on internal control over financial reporting and compliance and other matters based on the audits of financial statements performed in accordance with *Government Auditing Standards* dated December 4, 2017, has also been issued, which states that the results of the Contract Auditors' tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Required Auditor Communications to the Legislative Audit Committee

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

LEGISLATIVE DEPARTMENT AGENCY DESCRIPTIONS

General Assembly

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

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

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

Joint Budget Committee

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

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

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

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

Legislative Council

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

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

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

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

Office of the State Auditor

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

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

Office of Legislative Legal Services

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

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

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

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

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

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 Year 2016 or 2017.

Financial Statements Section

Anton Collins Mitchell LLP
Accountants & Consultants

Independent Auditor's Report

Members of the Legislative Audit Committee:

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Legislative Department (the "Department") of the State of Colorado (the "State") as of and for the years ended June 30, 2017 and June 30, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Department as of June 30, 2017 and June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Special Revenue Fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

303 East 17th Avenue, Suite 600
Denver, Colorado 80203
303.830.1120 · Fax 303.830.8130 · www.acmllp.com

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the financial statements of the Department are intended to present the financial position and the changes in the financial position of only that portion of each major fund of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2017 and June 30, 2016, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 14 and the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions and Related Ratios on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining information, as shown on pages 53 through 63, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by ***Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Anton Collins Mitchell LLP

Denver, Colorado
December 4, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis of the Legislative Department's financial performance is a required component of financial reporting under governmental accounting standards and was prepared by the Department's management. It is intended to provide an overview of the financial activities for the Fiscal Years ended June 30, 2017 and 2016, and it should be read in conjunction with the financial statements, which begin on page 15. These financial statements reflect activities of six agencies: General Assembly, Joint Budget Committee, Legislative Council, Office of the State Auditor, Office of Legislative Legal Services, and Reapportionment Commission, when active.

Using This Report

This financial report consists of financial statements for the Fiscal Years ended June 30, 2017 and 2016. The Balance Sheets provide comparative information on the Department's assets, liabilities, and fund balance for the current and previous fiscal years. The Statements of Appropriations, Revenues, Expenditures, and Changes in Fund Balance provide information on the current and previous fiscal years' appropriations, revenues, expenditures, other financing sources (uses), and beginning and ending fund balances. The Budgetary Comparison Statements reflect the initial budget amounts, the cumulative changes made throughout the course of the year, the revised budget amounts, and the actual amounts received or expended. Finally, the notes to the financial statements contain a summary of significant accounting policies and more specific information about items in the financial statements.

Department Financial Statements

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

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

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

Department's programs. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

The Department has an annual appropriated budget for its General Fund and Special Revenue Fund. Budgetary comparison statements have been provided on pages 17-18 to demonstrate compliance with these budgets.

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 21-51 of this report.

Supplemental Information

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

FINANCIAL ANALYSIS

General Fund

Condensed Combined Balance Sheets - General Fund

June 30,	2017	2016	2015
Total Assets	$ 13,985,649	$ 15,244,629	$ 12,786,198
Total Liabilities	4,481,126	4,382,385	3,275,757
Fund Balance	$ 9,504,523	$ 10,862,244	$ 9,510,441

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

June 30,	2017	2016	2015
Appropriations	$ 45,779,293	$ 44,641,162	$ 42,073,777
Revenues	536,074	567,763	401,775
Total Appropriations and Revenues	46,315,367	45,208,925	42,475,553
Total Expenditures	47,073,483	42,789,244	40,931,437
Excess (Deficiency) of Appropriations and Revenues over Expenditures	(758,116)	2,419,681	1,544,116
Total Other Financing Uses	(599,605)	(1,067,878)	(1,440,685)
Excess (Deficiency) of Appropriations and Revenues over Expenditures and Other Financing Uses	(1,357,721)	1,351,803	103,431
Fund balance - Beginning of Year	10,862,244	9,510,441	9,407,010
Fund balance - End of Year	$ 9,504,523	$ 10,862,244	$ 9,510,441

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

General Fund assets consisted primarily of cash with the State Treasury and accounts receivable. Accrued salaries 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. House Bill 12-1246 eliminated the June payday shift for employees paid on a biweekly basis effective July 1, 2012.

Between June 30, 2016, and June 30, 2017, the Department's total General Fund assets decreased by $1,258,980, and General Fund liabilities increased by $98,741, primarily due to the decrease in cash and the increase in accrued liabilities.

Between June 30, 2015, and June 30, 2016, the Department's total General Fund assets increased by $2,458,431, and General Fund liabilities increased by $1,106,628, primarily due to the increase in accounts payables and the transfer of unexpended General Fund appropriations to the Legislative Department Cash Fund as required by House Bill 12-1301 in Fiscal Year 2016.

The Department's General Fund had total fund balances as follows: $9,504,523 at June 30, 2017, $10,862,244 at June 30, 2016, and $9,510,441 at June 30, 2015. The total fund balances include deficit unassigned balances due to salaries and related benefits being incurred but unpaid at fiscal year-end as required by Senate Bill 03-197.

The Department's General Fund Revenues for the year ended June 30, 2017, were $536,074, a decrease of 5.6 percent from the year ended June 30, 2016, primarily due to a decrease in interest income. General Fund expenditures for the year ended June 30, 2017, were $47,073,483, an increase of 10.0 percent over the year ended June 30, 2016, primarily due to increases in expenditures in the Ballot Information Publication and Distribution Revolving Fund and the Legislative Department Cash Fund. Other financing uses decreased by $468,273, primarily due to a decrease in the transfer to Department of Personnel and Administration for the State Capitol renovation project. Building improvements of $2,473,113 which were primarily for the State Capitol committee rooms, were capitalized and transferred to the Department of Personnel and Administration.

The Department's General Fund Revenues for the year ended June 30, 2016, were $567,763, an increase of 41.3 percent from the year ended June 30, 2015, primarily due to increases in audit reimbursements and interest income. General Fund expenditures for the year ended June 30, 2016, were $42,789,244, an increase of 4.5 percent over the year ended June 30, 2015, primarily due to increases in compensation and operating expenditures. Other financing uses decreased by $372,807, primarily due to a decrease in the transfer to Department of Personnel and Administration for the State Capitol renovation project. The Department transferred $500,000 during the year to the Department of Personnel and Administration for the State Capitol renovation project. Building improvements of $1,371,334, which were primarily for the Legislative Services Building committee rooms, were capitalized and transferred to the Department of Personnel and Administration.

Special Revenue Fund

Condensed Balance Sheet - Special Revenue Fund

June 30,	2017	2016	2015
Total Assets	$ 24,365	$ 16,125	$ 18,778
Total Liabilities	117	333	279
Fund Balance	$ 24,248	$ 15,792	$ 18,499

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

June 30,	2017	2016	2015
Total Appropriations and Revenues	$ 11,612	$ 8,796	$ 7,116
Total Expenditures	3,156	11,503	4,822
Excess (Deficiency) of Appropriations and Revenues over Expenditures	8,456	(2,707)	2,294
Fund balance - Beginning of Year	15,792	18,499	16,205
Fund balance - End of Year	$ 24,248	$ 15,792	$ 18,499

The Department has one Special Revenue Fund: the Public Buildings Trust Fund. The purpose of the Special Revenue Fund is for promoting historic interest in the state capitol building and for producing moneys to enhance preservation of original and historic elements of the state capitol building.

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

Between June 30, 2016, and June 30, 2017, the Department's Special Revenue Fund total assets increased by $8,240, liabilities decreased by $216, and fund balance increased by $8,456.

Between June 30, 2015, and June 30, 2016, the Department's Special Revenue Fund total assets decreased by $2,653, liabilities increased by $54, and fund balance decreased by $2,707.

For the year ended June 30, 2017, revenues for the Department's Special Revenue Fund were $11,612, an increase of 32.0 percent from the previous fiscal year, due to an increase in sales. Expenditures for the year ended June 30, 2017, were $3,156, a decrease of 72.6 percent from the previous fiscal year, due to a decrease in purchase of items for resale.

For the year ended June 30, 2016, revenues for the Department's Special Revenue Fund were $8,796, an increase of 23.6 percent from the previous fiscal year, due to an increase in sales. Expenditures for the year ended June 30, 2016, were $11,503, an increase of 138.6 percent from the previous fiscal year, due to an increase in purchase of items for resale.

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. Augmenting revenues include fees and charges for goods and services. House Bill 12-1301 requires unexpended General Fund appropriations to be transferred to the Legislative Department Cash Fund beginning in Fiscal Year 2012. Unspent augmenting revenue in the Restricted General Fund does not revert to the State and is available for fund-related expenditures in subsequent fiscal years.

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

Fiscal Year 2017 General Fund Budgetary Highlights

The Department's original General Fund appropriations were $45,296,459. The original budget was amended by six special bills. The Department's final General Fund appropriations for Fiscal Year 2017 were $45,779,293, which was a 2.5 percent increase from Fiscal Year 2016. Total General Fund budgetary expenditures were $46,965,804. A budget rollforward to Fiscal Year 2018 of $16,975 was for outstanding commitments at year-end. The committed General Fund balance decreased by $1,250,042, and unexpended cash fund appropriations of $73,661 reverted to the General Fund.

Fiscal Year 2016 General Fund Budgetary Highlights

The Department's original General Fund appropriations were $44,487,304. The original budget was amended by four special bills. The Department's final General Fund appropriations for Fiscal Year 2016 were $44,641,162, which was a 6.1 percent increase from Fiscal Year 2015. Total General Fund budgetary expenditures were $42,675,938. The committed General Fund balance increased by $1,465,109, and unexpended cash fund appropriations of $153,315 reverted to the General Fund.

OTHER CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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

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 Heather Lin, Controller, Legislative Council, 029 State Capitol Building, Denver, CO 80203.

Basic Financial Statements

STATE OF COLORADO - LEGISLATIVE DEPARTMENT
BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2017 and 2016

	2017		2016		Total Governmental Funds	
	Combined General Fund	Special Revenue Fund	Combined General Fund	Special Revenue Fund	2017	2016
ASSETS						
Cash	$ 13,311,735	$ 24,365	$ 14,721,094	$ 16,125	$ 13,336,100	$ 14,737,219
Accounts receivable	124,848	-	234,743	-	124,848	234,743
Interdepartmental receivables	397,512	-	166,528	-	397,512	166,528
Prepaid expenses	151,554	-	122,264	-	151,554	122,264
TOTAL ASSETS	$ 13,985,649	$ 24,365	$ 15,244,629	$ 16,125	$ 14,010,014	$ 15,260,754
LIABILITIES						
Accounts payable	$ 2,081,354	$ 117	$ 2,090,292	$ 333	$ 2,081,471	$ 2,090,625
Accrued liabilities	2,399,772	-	2,292,093	-	2,399,772	2,292,093
TOTAL LIABILITIES	4,481,126	117	4,382,385	333	4,481,243	4,382,718
(DEFICIT) FUND BALANCES						
Non-spendable						
Prepaids	151,554	-	122,264	-	151,554	122,264
Committed	11,904,295	24,248	13,154,337	15,792	11,928,543	13,170,129
Assigned						
Rollforwards	16,975	-	-	-	16,975	-
Unassigned	(2,568,301)	-	(2,414,357)	-	(2,568,301)	(2,414,357)
TOTAL FUND BALANCES	9,504,523	24,248	10,862,244	15,792	9,528,771	10,878,036
TOTAL LIABILITIES AND FUND BALANCE	$ 13,985,649	$ 24,365	$ 15,244,629	$ 16,125	$ 14,010,014	$ 15,260,754

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

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

For the Years Ended June 30, 2017 and 2016

	2017		2016		Total Governmental Funds	
	Combined General Fund	Special Revenue Fund	Combined General Fund	Special Revenue Fund	2017	2016
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	$ 44,789,293	$ -	$ 43,297,162	$ -	$ 44,789,293	$ 43,297,162
Cash Fund and Reappropriated Funds	990,000	-	1,344,000	-	990,000	1,344,000
Total Appropriations	45,779,293	-	44,641,162	-	45,779,293	44,641,162
Revenue						
Miscellaneous revenue						
Audit reimbursements	508,864	-	398,563	-	508,864	398,563
Interest income	19,462	-	144,910	-	19,462	144,910
Donations	341	600	5,258	75	941	5,333
Miscellaneous	7,407	-	19,032	-	7,407	19,032
Sale of State Capitol history memorabilia	-	11,012	-	8,721	11,012	8,721
TOTAL APPROPRIATIONS AND REVENUES	46,315,367	11,612	45,208,925	8,796	46,326,979	45,217,721
EXPENDITURES						
Compensation	31,671,763	-	30,401,792	-	31,671,763	30,401,792
Purchased services	3,837,482	1,499	3,972,801	395	3,838,981	3,973,196
Operating expenditures	6,980,177	1,657	5,231,996	11,108	6,981,834	5,243,104
Travel and subsistence	1,476,672	-	1,484,691	-	1,476,672	1,484,691
Capital outlay	3,107,389	-	1,697,964	-	3,107,389	1,697,964
TOTAL EXPENDITURES	47,073,483	3,156	42,789,244	11,503	47,076,639	42,800,747
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	(758,116)	8,456	2,419,681	(2,707)	(749,660)	2,416,974
OTHER FINANCING USES						
Operating transfer out	-	-	(500,000)	-	-	(500,000)
Reversion of non-augmenting revenue	(508,969)	-	(414,563)	-	(508,969)	(414,563)
Reversion of Cash / Reappropriated appropriation	(73,661)	-	(153,315)	-	(73,661)	(153,315)
Authorized rollforward of General Funds	(16,975)	-	-	-	(16,975)	-
TOTAL OTHER FINANCING USES	(599,605)	-	(1,067,878)	-	(599,605)	(1,067,878)
NET CHANGE IN FUND BALANCE	(1,357,721)	8,456	1,351,803	(2,707)	(1,349,265)	1,349,096
FUND BALANCE, BEGINNING OF YEAR	10,862,244	15,792	9,510,441	18,499	10,878,036	9,528,940
FUND BALANCE, END OF YEAR	$ 9,504,523	$ 24,248	$ 10,862,244	$ 15,792	$ 9,528,771	$ 10,878,036

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

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

For the Year Ended June 30, 2017

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriations							
General Fund					$ 44,789,293	$ 44,789,293	$ -
Cash Fund and Reappropriated Funds					990,000	990,000	-
Total Appropriations					45,779,293	45,779,293	-
Revenues							
Miscellaneous revenue							
Audit reimbursements					-	508,864	508,864
Interest income					-	19,462	19,462
Donations					-	341	341
Miscellaneous					-	7,407	7,407
TOTAL APPROPRIATIONS AND REVENUES					45,779,293	46,315,367	536,074
EXPENDITURES BY APPROPRIATION							
General administration	$ 39,034,262	$ -	$ 70,685	$ 2,425,603	41,530,550	37,524,216	4,006,334
PERA amortization equalization disbursement	1,220,269	-	-	(1,220,269)	-	-	-
PERA supplemental amortization equalization disbursement	1,205,334	-	-	(1,205,334)	-	-	-
Youth advisory council	25,000	-	-	-	25,000	-	25,000
Property tax study	-	660,000	-	-	660,000	644,000	16,000
Ballot analysis	-	544,170	-	-	544,170	-	544,170
Maintenance of legislative space	-	2,490,525	-	-	2,490,525	2,490,525	-
Legal services	-	17,869	-	-	17,869	17,869	-
Payments to Office of Information Technology	-	28,800	-	-	28,800	28,800	-
Workers' compensation	-	14,485	-	-	14,485	14,485	-
General liability / property insurance	-	17,043	-	-	17,043	17,043	-
CORE operations	-	38,702	-	-	38,702	38,702	-
Fort Lyons study	-	-	200,000	-	200,000	146,225	53,775
Tax expenditures evaluation	-	-	212,149	-	212,149	212,149	-
Ballot analysis restricted General Fund	-	-	-	-	-	2,105,770	(2,105,770)
Legislative Expenses restricted General Fund	-	-	-	-	-	52	(52)
Youth advisory council restricted General Fund	-	-	-	-	-	24,912	(24,912)
Legislative Dept. restricted General Fund	-	-	-	-	-	3,701,056	(3,701,056)
TOTAL EXPENDITURES BY APPROPRIATION	41,484,865	3,811,594	482,834	-	45,779,293	46,965,804	(1,186,511)
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS					-	(650,437)	(650,437)
OTHER FINANCING USES							
Reversion of non-augmenting revenue					-	(508,969)	(508,969)
Reversion of Cash/Reappropriated Funds appropriation					-	(73,661)	(73,661)
Authorized rollforward of General Funds					-	(16,975)	(16,975)
TOTAL OTHER FINANCING USES					-	(599,605)	(599,605)
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)					-	(1,250,042)	(1,250,042)
FUND BALANCES, BEGINNING OF YEAR					-	13,154,337	13,154,337
FUND BALANCES, END OF YEAR					$ -	$ 11,904,295	$ 11,904,295

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

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

For the Year Ended June 30, 2016

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriations							
General Fund					$ 43,297,162	$ 43,297,162	$ -
Cash Fund and Reappropriated Funds					1,344,000	1,344,000	-
Total Appropriations					44,641,162	44,641,162	-
Revenues							
Miscellaneous revenue							
Audit reimbursements					-	398,563	398,563
Interest income					-	144,910	144,910
Donations					-	5,258	5,258
Miscellaneous					-	19,032	19,032
TOTAL APPROPRIATIONS AND REVENUES					44,641,162	45,208,925	567,763
EXPENDITURES BY APPROPRIATION							
General administration	$ 38,189,892	$ -	$ 53,858	$ 2,156,252	40,400,002	36,212,093	4,187,909
PERA amortization equalization disbursement	1,098,033	-	-	(1,098,033)	-	-	-
PERA supplemental amortization equalization disbursement	1,058,219	-	-	(1,058,219)	-	-	-
Tobacco settlement audit	89,000	-	-	-	89,000	89,000	-
Youth advisory council	25,000	-	-	-	25,000	-	25,000
Property tax study	-	630,000	-	-	630,000	624,000	6,000
Ballot analysis	-	533,500	-	-	533,500	-	533,500
Cost of living analysis	-	250,000	-	-	250,000	166,050	83,950
Maintenance of legislative space	-	2,486,991	-	-	2,486,991	2,486,991	-
Legal services	-	17,862	-	-	17,862	6,661	11,201
Payments to Office of Information Technology	-	41,938	-	-	41,938	41,938	-
Workers' compensation	-	11,887	-	-	11,887	11,887	-
General liability / property insurance	-	11,933	-	-	11,933	11,933	-
CORE operations	-	28,049	-	-	28,049	28,049	-
Volunteer firefighter pension plans study	-	-	100,000	-	100,000	80,287	19,713
Auto theft prevention cash fund audit	15,000	-	-	-	15,000	15,000	-
Ballot analysis restricted General Fund	-	-	-	-	-	497,888	(497,888)
Legislative Expenses restricted General Fund	-	-	-	-	-	49	(49)
Youth advisory council restricted General Fund	-	-	-	-	-	29,968	(29,968)
Legislative Dept. restricted General Fund	-	-	-	-	-	2,374,144	(2,374,144)
TOTAL EXPENDITURES BY APPROPRIATION	40,475,144	4,012,160	153,858	-	44,641,162	42,675,938	1,965,224
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND TRANSFERS					-	2,532,987	2,532,987
OTHER FINANCING USES							
Operating transfer out					-	(500,000)	(500,000)
Reversion of non-augmenting revenue					-	(414,563)	(414,563)
Reversion of Cash/Reappropriated Funds appropriation					-	(153,315)	(153,315)
TOTAL OTHER FINANCING USES					-	(1,067,878)	(1,067,878)
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)					-	1,465,109	1,465,109
FUND BALANCE, BEGINNING OF YEAR					-	11,689,228	11,689,228
FUND BALANCE, END OF YEAR					$ -	$ 13,154,337	$ 13,154,337

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

For the Year Ended June 30, 2017

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Cash and Reappropriated Funds					$ -	$ -	$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	11,012	11,012
Donations					-	600	600
TOTAL APPROPRIATIONS AND REVENUES					-	11,612	11,612
EXPENDITURES BY APPROPRIATION							
Public building	-	-	-	-	-	3,156	(3,156)
TOTAL EXPENDITURES BY APPROPRIATION	-	-	-	-	-	3,156	(3,156)
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS					-	8,456	8,456
FUND BALANCES, BEGINNING OF YEAR					-	15,792	15,792
FUND BALANCES, END OF YEAR					$ -	$ 24,248	$ 24,248

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

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

For the Year Ended June 30, 2016

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Cash Fund and Reappropriated Funds					$ -	$ -	$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	8,721	8,721
Donations					-	75	75
TOTAL APPROPRIATIONS AND REVENUES					-	8,796	8,796
EXPENDITURES BY APPROPRIATION							
Public building	-	-	-	-	-	11,503	(11,503)
TOTAL EXPENDITURES BY APPROPRIATION	-	-	-	-	-	11,503	(11,503)
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS					-	(2,707)	(2,707)
FUND BALANCE, BEGINNING OF YEAR					-	18,499	18,499
FUND BALANCE, END OF YEAR					$ -	$ 15,792	$ 15,792

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

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

The Department is not financially accountable for any other organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The Legislative Department reports the following two governmental fund types:

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

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

The Department has the following four restricted general funds:

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

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

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

The **Legislative Department Cash Fund** was created by House Bill 09-1348 to pay for expenses of the Legislative Department. The fund is comprised of moneys the Legislative Department accepts as gifts, grants, or donations from private and public sources and any other moneys appropriated to the fund. Any monies credited to the fund and unexpended at the end of any given fiscal year will remain in the fund. House Bill 10-1210 established the redistricting account within the Legislative Department Cash Fund, to pay for the expense of redistricting the congressional and state legislative districts in the state. House Bill 12-1301 requires unexpended General Fund appropriations to the Legislative Department to be transferred to the Legislative Department Cash Fund beginning in Fiscal Year 2012.

The Department has the following special revenue fund:

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

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.

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.

Budget to GAAP differences for General Fund expenditures for the Fiscal Years ended June 30, 2017 and 2016 are as follows:

For the Years Ended June 30,	2017	2016
Total expenditures, GAAP basis	$ 47,073,483	$ 42,789,244
Reduction (Increase) in Salaries incurred but unpaid	(107,679)	(113,306)
Total expenditures, budgetary basis	$ 46,965,804	$ 42,675,938

C. Cash

The balance in cash at June 30, 2017 and 2016 represents the net year-end effect of transactions between the Legislative Department and the State's General Fund. A positive balance represents an excess of expenditures incurred but not paid over revenues earned but not collected. In other words, more revenue has been collected than expenditures paid at year-end. A negative balance represents an excess of revenues earned but not collected over expenditures incurred but not paid; or more expenditures have been paid than revenue collected at year-end.

The Department deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2017, the Department had cash on deposit with the State Treasurer of $13,336,100 which represented approximately 0.2 percent of the total $6,770.2 million fair value of deposits in the State Treasurer's Pool. As of June 30, 2016, the Department had cash on deposit with the State Treasurer of $14,737,219 which represented approximately 0.2 percent of the total $7,408.5 million fair value of deposits in the State Treasurer's Pool. The Department reports its share of the Treasurer's unrealized gains/losses on the basis of its participation in the State Treasurer's pool. 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 fiscal year. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

D. Capital Assets

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

E. Compensated Absences

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

F. Fund Balance

Fund balance classifications are non-spendable and spendable.

Non-spendable fund balance consists of prepaid expenses. The General Fund non-spendable fund balance was $151,554 at June 30, 2017, and $122,264 at June 30, 2016.

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

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

June 30,		2017	2016
Ballot Information Publication and Distribution Revolving Fund	Exclusively for the printing and distrubution of annual ballot information	$ 1,108,948	$ 2,669,922
Legislative Expenses Cash Fund	Exclusively for the legal expenses of the Legislative Department and expenses relating to legislative aides, the upkeep and furnishings of space occupied by the Legislative Department, and electronic voting equipment in the chambers of the Senate and the House of Representatives	218,006	217,124
Youth Advisory Council Cash Fund	Exclusively for the direct and indirect costs of the Youth Advisory Council	4,094	3,844
Legislative Department Cash Fund	Exclusively for expenses of the Legislative Department	10,573,247	10,263,447
Public Building Trust Special Revenue Fund	Exclusively for the promotion of history publications and memorabilla related to the Capitol Building	$ 24,248	$ 15,792
Total Committed Fund Balances		$ 11,928,543	$ 13,170,129

- **Assigned fund balance** represents the portion of fund balance related to appropriations that were encumbered for goods and services that were not received before June 30 due to extenuating circumstances. These appropriation rollforwards were approved by the Colorado State Controller in accordance with State Fiscal Rules. The General Fund assigned fund balance was $16,975 at June 30, 2017, and $0 at June 30, 2016.

- **Unassigned fund balance** is the residual category in the General Fund, and is not available in other governmental funds unless the fund balance is a deficit. At June 30, 2017 and 2016, the General Fund had unassigned deficit fund balances of $2,568,301 and $2,414,357, respectively. These deficit fund balances are due to prepaid expenses and salaries and benefits being incurred but unpaid at fiscal year-end as discussed in Note 3. The Department received the appropriation to pay those salaries and benefits on July 1 of the following year.

G. Defined Benefit Pension Plan

The Legislative Department participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. House Bill 12-1246 eliminated the June payday shift for employees paid on a bi-weekly basis effective July 1, 2012. The salaries and benefits earned, but unpaid, as of June 30, 2017 and 2016, were $2,399,772 and $2,292,093. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 4 - APPROPRIATIONS AND REVENUE

The Legislative Department's primary funding source consists of an appropriation from the State's General Fund. This appropriation is supplemented by appropriations from cash funds and transfers from other agencies within the State. The cash funds appropriated to the Department are from sales of publications. Transfers from other agencies are called reappropriated funds. These funds are exempt from the Taxpayer's Bill of Rights (TABOR) calculations discussed in Note 6. Unspent appropriations for cash and reappropriated funds revert to the State's General Fund. House Bill 12-1301 required unexpended General Fund appropriations to the Legislative Department to be transferred to the Legislative Department Cash Fund beginning in Fiscal Year 2012.

The Legislative Department appropriation for the years ended June 30, 2017 and 2016 specified that $90,000 of revenue earned by the sale of bill copies was available for expenditure by the General Assembly. The Legislative Department appropriation for the years ended June 30, 2017 and 2016 also specified that audit reimbursements of $900,000 and $915,000 respectively were available for expenditure by the Office of the State Auditor. Receipts in excess of that amount were not available for expenditure.

Miscellaneous revenue for the years ended June 30, 2017 and 2016, consists of reimbursements in excess of $900,000 and $915,000 respectively for audit services performed by the Office of the State Auditor for certain non-state-appropriated activities of the State, interest income, and other miscellaneous amounts. House Bill 13-1039 requires miscellaneous revenues, with certain exceptions, to be deposited in the Legislative Department Cash Fund, effective April 19, 2013.

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 2017 was $2,124,340 and for Fiscal Year 2016 was $2,187,375. These amounts are not reflected in audit reimbursements.

As of June 30, 2017 and 2016, the Office of the State Auditor had contract commitments of $451,527 and $642,256, respectively, with independent certified accountants (and/or non-accounting firms) to perform audit and consulting services.

NOTE 6 - TAX, SPENDING, AND DEBT LIMITATIONS

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

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

TABOR does not affect the Department's Fiscal Year 2017 and 2016 financial statements; however, the limitations contained in TABOR may impact future financial activity of the State of Colorado and the Department.

NOTE 7 - RELATED PARTY TRANSACTIONS

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

NOTE 8 - OPERATING LEASES

The Department had several operating leases for equipment and paid rent for the capitol complex building space used by Legislative Department service agencies and office space leased outside of the capitol complex. Total operating lease (rent) expense for Fiscal Years 2017 and 2016 amounted to $2,557,629 and $2,563,009, respectively. Future minimum commitments for the capitol complex lease do not exceed one year. Operating leases for equipment expire May 2018 through October 2021. The future minimum annual rental commitments are as follows:

	Minimum lease payments
Year ending June 30, 2018	$ 76,128
2019	72,696
2020	70,009
2021	68,666
2022	18,057
	$ 305,556

NOTE 9 - CAPITAL ASSETS

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

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

	Equipment	Software	Buildings (1)	Construction in Progress	Total
Cost:					
Balances, July 1, 2015	$ 1,928,526	$ 311,860	$ -	$ -	$ 2,240,386
Additions	153,055	-	1,371,334	173,575	1,697,964
Deletions	(20,983)	-	(1,371,334)	-	(1,392,317)
Balances, June 30, 2016	2,060,598	311,860	-	173,575	2,546,033
Additions	218,638	-	2,473,113	546,041	3,237,792
Deletions	(158,376)	(90,000)	(2,473,113)	(173,575)	(2,895,064)
Balances, June 30, 2017	2,120,860	221,860	-	546,041	2,888,761
Accumulated Depreciation:					
Balances, July 1, 2015	$ (1,254,025)	$ (302,660)	$ -	$ -	$ (1,556,685)
Additions	(278,286)	(9,200)	-	-	(287,486)
Deletions	10,493	-	-	-	10,493
Balances, June 30, 2016	(1,521,818)	(311,860)	-	-	(1,833,678)
Additions	(274,072)	-	-	-	(274,072)
Deletions	158,376	90,000	-	-	248,376
Balances, June 30, 2017	(1,637,514)	(221,860)	-	-	(1,859,374)
Total capital assets, net, June 30, 2017	$ 483,346	$ -	$ -	$ 546,041	$ 1,029,387

(1) Building improvements were capitalized and transferred to the Department of Personnel and Administration.

NOTE 10 - LONG-TERM OBLIGATIONS

Long-term liability activity for the Fiscal Years ended June 30, 2017 and 2016, included compensated absences, and was as follows:

		Compensated absences
Balances, July 1, 2015	$	2,016,675
Additions		224,949
Reductions		(2,641)
Balances, June 30, 2016		2,238,983
Additions		146,062
Reductions		(41,074)
Balances, June 30, 2017	$	2,343,971
Due within one year	$	58,679

NOTE 11 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan description. Eligible employees of the Legislative Department are provided with pensions through the State Division Trust Fund (SDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on a retirement benefit formula considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and the Legislative Department are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees with the exception of State Troopers are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements for all employees except State Troopers are summarized in the table below:

	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017	
	CY14	CY15		CY16		CY17
	7-1-14 to 12-31-14	1-1-15 to 6-30-15	7-1-15 to 12-31-15	1-1-16 to 6-30-16	7-1-16 to 12-31-16	1-1-17 to 6-30-17
Employer Contribution Rate[1]	10.15%	10.15%	10.15%	10.15%	10.15%	10.15%
Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)[1]	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SDTF[1]	9.13%	9.13%	9.13%	9.13%	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411[1]	3.80%	4.20%	4.20%	4.60%	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411[1]	3.50%	4.00%	4.00%	4.50%	4.50%	5.00%
Total Employer Contribution Rate to the SDTF[1]	16.43%	17.33%	17.33%	18.23%	18.23%	19.13%

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Legislative Department is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Legislative Department were $3,608,889 for the year ended June 30, 2017 and $3,452,890 for the year ended June 30, 2016.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017 the Legislative Department reported a liability of $128,389,826 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Legislative Department proportion of the net pension liability was based on Legislative Department contributions to the SDTF for the calendar year 2016 relative to the total contributions of participating employers to the SDTF. At December 31, 2016, the Legislative Department proportion was 0.699 percent, which was an increase of 0.011 percent from its proportion measured as of December 31, 2015.

At June 30, 2016 the Legislative Department reported a liability of $72,493,353 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Legislative Department proportion of the net pension liability was based on Legislative Department contributions to the SDTF for the calendar year 2015 relative to the total contributions of participating employers to the SDTF. At December 31, 2015, the Legislative Department proportion was 0.688 percent, which was an increase of 0.033 percent from its proportion measured as of December 31, 2014.

The proportionate share of the net pension liability is not recorded in the Legislative Department's financial statement because Legislative Department does not report government-wide statements. Detailed information about the net pension liability is available in the State of Colorado's comprehensive annual financial report.

For the years ended June 30, 2017 and 2016, the Legislative Department recognized pension expense of $28,178,727 and $8,866,128, respectively.

At June 30, 2017 and 2016, the Legislative Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources. Deferred outflows of resources and deferred inflows of resources related to pensions are not recorded in the Legislative Department's financial statement because Legislative Department does not report government-wide statements.

	Fiscal Year 2017		Fiscal Year 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$1,276,207	-	$851,924	$4,357
Changes of assumptions or other inputs	32,663,200	$395,190	-	853,553
Net difference between projected and actual earnings on pension plan investments	4,256,224	-	5,351,575	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,539,708	34,741	2,709,482	286,702
Contributions subsequent to the measurement date	2,125,784	-	1,889,332	-
Total	$41,861,123	$429,931	$10,802,313	$1,144,612

The deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date of $2,125,784 and $1,889,332 as of June 30, 2017 and 2016, respectively, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2017	
2018	$21,736,083
2019	16,343,996
2020	1,180,272
2021	45,056
2022	-
Thereafter	-

Actuarial assumptions for Fiscal Year 2017. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 9.57 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.17 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Actuarial assumptions for Fiscal Year 2016. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 9.57 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
    - Valuation of the full survivor benefit without any reduction for possible remarriage.
    - Reflection of the employer match on separation benefits for all eligible years.
    - Reflection of one year of service eligibility for survivor annuity benefit.
    - Refinement of the 18 month annual increase timing.
    - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:
    - Recognition of merit salary increases in the first projection year.
    - Elimination of the assumption that 35 percent of future disabled members elect to receive a refund.
    - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
    - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50 percent.

Discount rate for Fiscal Year 2017. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2039 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2039 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2039 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

Discount rate for Fiscal Year 2016. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90 percent.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments of 7.5 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Legislative Department proportionate share of the net pension liability to changes in the discount rate for Fiscal Year 2017. The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	$159,018,745	$128,389,826	$103,225,809

Sensitivity of the Legislative Department proportionate share of the net pension liability to changes in the discount rate for Fiscal Year 2016. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$91,585,163	$72,493,353	$56,523,691

Pension plan fiduciary net position. Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 12 - OTHER RETIREMENT PLANS

Defined Contribution Retirement Plan (DC Plan)

Plan Description – Employees of the State of Colorado that were hired on or after January 1, 2006 and employees of certain community colleges that were hired on or after January 1, 2008 which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's comprehensive annual financial report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan, with the exception of State Troopers, are required to contribute 8.00 percent of their PERA-includable salary and the State of Colorado is required to contribute 10.15 percent of PERA-includable salary on behalf of these employees. Additionally, the State of Colorado is required to contribute AED and SAED to the SDTF as follows:

	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017	
	CY14	CY15		CY16		CY17
	7-1-14 to 12-31-14	1-1-15 to 6-30-15	7-1-15 to 12-31-15	1-1-16 to 6-30-16	7-1-16 to 12-31-16	1-1-17 to 6-30-17
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411[1]	3.80%	4.20%	4.20%	4.60%	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411[1]	3.50%	4.00%	4.00%	4.50%	4.50%	5.00%
Total Employer Contribution Rate to the SDTF[1]	7.30%	8.20%	8.20%	9.10%	9.10%	10.00%

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board of Trustees in accordance with

Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense.

401(k) Defined Contribution Plan

Plan Description - Employees of the Legislative Department that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions.

457 Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2016, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of $18,000. Participants who are age 50 and older, and contributing the maximum amount allowable, were allowed to make an additional $6,000 contribution in 2016, for total contributions of $24,000. Special 457(b) catch-up contributions allow a participant for 3 years prior to the normal retirement age to contribute the lesser of (1) Twice the annual limit ($36,000 in 2015, 2016, and 2017), or (2) The basic annual limit plus the amount of the basic limit not used in prior years (only allowed if not using age 50 or over catch-up contributions). Contributions and earnings are tax deferred. The number of plan participants at December 31, 2016 and 2015 was 17,921 and 17,814, respectively.

The Legislative Department made contributions to other retirement plans totaling $455,845 during Fiscal Year 2017 and $485,047 during Fiscal Year 2016.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description – The Legislative Department contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Legislative Department is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Legislative Department are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015, the Legislative Department's contributions to the HCTF were $186,486, $174,434 and $166,936, respectively, equal to their required contributions for each year.

NOTE 14 – ADDITIONAL PENSION PLAN DESCRIPTION

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

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

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 between January 1, 2007 and December 31, 2010 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service. For members with less than five years of service credit as of January 1, 2011, age and service requirements increase to those required for members hired between January 1, 2007, and December 31, 2010.

- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, or age 65 with 5 years of service.

- Hired on or after January 1, 2017 – any age with 35 years of service, age 60 with 30 years of service, or age 65 with 5 years of service.

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 service equals 80 or more.

- Hired between January 1, 2007 and December 31, 2010 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more. Age plus years of service requirements increase to 85 for members with less than 5 years of service credit as of January 1, 2011.

- Hired between January 1, 2011 and December 31, 2016 – age 58 and age plus years of service equals 88 or more.

- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

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. The State insures its property through a combination of self-insurance and commercial insurance carriers.

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 to administer its Broadspire to administer its plan. The State reimburses Broadspire 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 which can be found at https://www.colorado.gov/pacific/osc/cafr.

NOTE 16 - SUBSEQUENT EVENTS

The Department has evaluated subsequent events through December 4, 2017, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Required Supplementary Information

RSI - SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

	2017	2016	2015	2014
Legislative Department's proportion of the net pension liability	0.698981%	0.688378%	0.655749%	0.637213%
Legislative Department's proportionate share of net pension liability	$ 128,389,826	$ 72,493,353	$ 61,683,132	$ 56,762,749
Legislative Department's covered payroll	$ 19,796,430	$ 19,027,811	$ 17,566,389	$ 16,352,815
Legislative Department's proportionate share of the net pension liability as a percentage of its covered payroll	648.55%	380.99%	351.14%	347.11%
Plan fiduciary net position as a percentage of the total pension liability	42.59%	56.11%	59.84%	61.08%

The amounts presented for each fiscal year were determined as of 12/31.

RSI - SCHEDULE OF CONTRIBUTIONS

	2017	2016	2015	2014
Contractually required contributions	$ 3,608,889	$ 3,452,890	$ 3,130,302	$ 2,711,069
Contributions in relation to the contractually required contributions	$ (3,608,889)	$ (3,452,890)	$ (3,130,302)	$ (2,711,069)
Contribution deficiency(excess)	$ -	$ -	$ -	$ -
Legislative Department's covered payroll	$ 20,549,065.91	$ 19,386,123	$ 18,504,271	$ 16,931,486
Contributions as a percentage of covered payroll	17.56%	17.81%	16.92%	16.01%

GASB Statement No. 68 requires 10 years of data; however, GASB 68 was not implemented unitl Fiscal Year 2015. Therefore, only four years of data is presented. Each fiscal year an additional year will be added until 10 years are disclosed in the financial statements.

Supplementary Information

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

June 30, 2017 and 2016

	2017		2016		Total General Fund	
	General Fund Unrestricted	General Fund Restricted	General Fund Unrestricted	General Fund Restricted	2017	2016
ASSETS						
Cash	$ 944,978	$ 12,366,757	$ 1,313,838	$ 13,407,256	$ 13,311,735	$ 14,721,094
Accounts receivable	124,848	-	234,743	-	124,848	234,743
Interdepartmental receivables	397,512	-	166,528	-	397,512	166,528
Prepaid expenses	151,554	-	122,264	-	151,554	122,264
TOTAL ASSETS	$ 1,618,892	$ 12,366,757	$ 1,837,373	$ 13,407,256	$ 13,985,649	$ 15,244,629
LIABILITIES						
Accounts payable	$ 1,618,892	$ 462,462	$ 1,837,373	$ 252,919	$ 2,081,354	$ 2,090,292
Accrued liabilities	2,399,772	-	2,292,093	-	2,399,772	2,292,093
TOTAL LIABILITIES	4,018,664	462,462	4,129,466	252,919	4,481,126	4,382,385
(DEFICIT) FUND BALANCES						
Non-spendable						
Prepaids	151,554	-	122,264	-	151,554	122,264
Committed	-	11,904,295	-	13,154,337	11,904,295	13,154,337
Assigned						
Rollforwards	16,975	-	-	-	16,975	-
Unassigned	(2,568,301)	-	(2,414,357)	-	(2,568,301)	(2,414,357)
TOTAL (DEFICIT) FUND BALANCES	(2,399,772)	11,904,295	(2,292,093)	13,154,337	9,504,523	10,862,244
TOTAL LIABILITIES AND FUND BALANCES	$ 1,618,892	$ 12,366,757	$ 1,837,373	$ 13,407,256	$ 13,985,649	$ 15,244,629

See accompanying Independent Auditors' Report.

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

For the Years Ended June 30, 2017 and 2016

	2017		2016		Total General Fund	
	General Fund Unrestricted	General Fund Restricted	General Fund Unrestricted	General Fund Restricted	2017	2016
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	$ 44,789,293	$ -	$ 43,297,162	$ -	$ 44,789,293	$ 43,297,162
Cash Fund and Reappropriated Funds	990,000	-	1,344,000	-	990,000	1,344,000
Total Appropriations	45,779,293	-	44,641,162	-	45,779,293	44,641,162
Revenue						
Miscellaneous revenue						
Audit reimbursements	508,864	-	398,563	-	508,864	398,563
Interest income	-	19,462	-	144,910	19,462	144,910
Donations	-	341	-	5,258	341	5,258
Miscellaneous	105	7,302	16,000	3,032	7,407	19,032
TOTAL APPROPRIATIONS AND REVENUES	46,288,262	27,105	45,055,725	153,200	46,315,367	45,208,925
EXPENDITURES						
Compensation	31,671,763	-	30,401,792	-	31,671,763	30,401,792
Purchased services	3,684,039	153,443	3,679,208	293,593	3,837,482	3,972,801
Operating expenditures	4,410,673	2,569,504	4,315,957	916,039	6,980,177	5,231,996
Travel and subsistence	1,475,218	1,454	1,479,308	5,383	1,476,672	1,484,691
Capital expenditures	-	3,107,389	10,930	1,687,034	3,107,389	1,697,964
TOTAL EXPENDITURES	41,241,693	5,831,790	39,887,195	2,902,049	47,073,483	42,789,244
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	5,046,569	(5,804,685)	5,168,530	(2,748,849)	(758,116)	2,419,681
OTHER FINANCING SOURCES (USES)						
Operating transfer in (out)	(4,554,643)	4,554,643	(4,713,958)	4,213,958	-	(500,000)
Reversion of non-augmenting revenue	(508,969)	-	(414,563)	-	(508,969)	(414,563)
Reversion of Cash / Reappropriated appropriation	(73,661)	-	(153,315)	-	(73,661)	(153,315)
Authorized rollforward of General Funds	(16,975)	-	-	-	(16,975)	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,154,248)	4,554,643	(5,281,836)	4,213,958	(599,605)	(1,067,878)
NET CHANGE IN FUND BALANCE	(107,679)	(1,250,042)	(113,306)	1,465,109	(1,357,721)	1,351,803
FUND BALANCE, BEGINNING OF YEAR	(2,292,093)	13,154,337	(2,178,787)	11,689,228	10,862,244	9,510,441
FUND BALANCE, END OF YEAR	$ (2,399,772)	$ 11,904,295	$ (2,292,093)	$ 13,154,337	$ 9,504,523	$ 10,862,244

See accompanying Independent Auditors' Report.

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

June 30, 2017

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund Unrestricted
ASSETS						
Cash	$ 85,759	$ 433	$ 55,562	$ 791,890	$ 11,334	$ 944,978
Accounts receivable	-	-	-	124,848	-	124,848
Interdepartmental receivables	-	-	-	397,512	-	397,512
Prepaid expenses	-	-	85,017	66,537	-	151,554
TOTAL ASSETS	$ 85,759	$ 433	$ 140,579	$ 1,380,787	$ 11,334	$ 1,618,892
LIABILITIES						
Accounts payable	$ 85,759	$ 433	$ 140,579	$ 1,380,787	$ 11,334	$ 1,618,892
Accrued liabilities	575,733	151,538	609,909	587,166	475,426	2,399,772
TOTAL LIABILITIES	661,492	151,971	750,488	1,967,953	486,760	4,018,664
(DEFICIT) FUND BALANCES						
Non-spendable						
Prepaids	-	-	85,017	66,537	-	151,554
Assigned						
Rollforwards	-	-	-	16,975	-	16,975
Unassigned	(575,733)	(151,538)	(694,926)	(670,678)	(475,426)	(2,568,301)
(DEFICIT) FUND BALANCES	(575,733)	(151,538)	(609,909)	(587,166)	(475,426)	(2,399,772)
TOTAL LIABILITIES AND FUND BALANCES	$ 85,759	$ 433	$ 140,579	$ 1,380,787	$ 11,334	$ 1,618,892

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

June 30, 2016

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund Unrestricted
ASSETS						
Cash	$ 73,543	$ 688	$ 46,275	$ 1,042,238	$ 151,094	$ 1,313,838
Accounts receivable	-	-	-	234,568	175	234,743
Interdepartmental receivables	-	-	-	166,528	-	166,528
Prepaid expenses	-	-	53,335	68,929	-	122,264
TOTAL ASSETS	$ 73,543	$ 688	$ 99,610	$ 1,512,263	$ 151,269	$ 1,837,373
LIABILITIES						
Accounts payable	$ 73,543	$ 688	$ 99,610	$ 1,512,263	$ 151,269	$ 1,837,373
Accrued liabilities	556,607	150,087	555,889	567,799	461,711	2,292,093
TOTAL LIABILITIES	630,150	150,775	655,499	2,080,062	612,980	4,129,466
(DEFICIT) FUND BALANCES						
Non-spendable						
Prepaids	-	-	53,335	68,929	-	122,264
Assigned						
Rollforwards	-	-	-	-	-	-
Unassigned	(556,607)	(150,087)	(609,224)	(636,728)	(461,711)	(2,414,357)
(DEFICIT) FUND BALANCES	(556,607)	(150,087)	(555,889)	(567,799)	(461,711)	(2,292,093)
TOTAL LIABILITIES AND FUND BALANCES	$ 73,543	$ 688	$ 99,610	$ 1,512,263	$ 151,269	$ 1,837,373

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

For the Year Ended June 30, 2017

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund Unrestricted
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	$ 17,114,559	$ 1,855,355	$ 10,240,455	$ 8,854,630	$ 6,724,294	$ 44,789,293
Cash Fund and Reappropriated Funds	90,000	-	-	900,000	-	990,000
Total Appropriations	17,204,559	1,855,355	10,240,455	9,754,630	6,724,294	45,779,293
Revenues						
Miscellaneous revenue						
Audit reimbursements	-	-	-	508,864	-	508,864
Miscellaneous	-	-	-	-	105	105
TOTAL APPROPRIATIONS AND REVENUES	17,204,559	1,855,355	10,240,455	10,263,494	6,724,399	46,288,262
EXPENDITURES						
Compensation	9,292,347	1,803,683	7,382,801	7,365,817	5,827,115	31,671,763
Purchased services	655,759	577	920,269	1,875,060	232,374	3,684,039
Operating expenditures	3,466,689	18,409	408,909	369,204	147,462	4,410,673
Travel and subsistence	1,355,158	2,951	45,830	28,289	42,990	1,475,218
TOTAL EXPENDITURES	14,769,953	1,825,620	8,757,809	9,638,370	6,249,941	41,241,693
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	2,434,606	29,735	1,482,646	625,124	474,458	5,046,569
OTHER FINANCING USES						
Operating transfer out	(2,380,071)	(31,186)	(1,536,666)	(118,652)	(488,068)	(4,554,643)
Reversion of non-augmenting revenue	-	-	-	(508,864)	(105)	(508,969)
Reversion of Cash/Reappropriated Funds appropriation	(73,661)	-	-		-	(73,661)
Authorized rollforward of General Funds	-	-	-	(16,975)	-	(16,975)
TOTAL OTHER FINANCING USES	(2,453,732)	(31,186)	(1,536,666)	(644,491)	(488,173)	(5,154,248)
NET CHANGE IN FUND BALANCE	(19,126)	(1,451)	(54,020)	(19,367)	(13,715)	(107,679)
(DEFICIT) FUND BALANCES, BEGINNING OF YEAR	(556,607)	(150,087)	(555,889)	(567,799)	(461,711)	(2,292,093)
(DEFICIT) FUND BALANCES, END OF YEAR	$ (575,733)	$ (151,538)	$ (609,909)	$ (587,166)	$ (475,426)	$ (2,399,772)

STATE OF COLORADO - LEGISLATIVE DEPARTMENT

COMBINING SCHEDULE OF APPROPRIATIONS, REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND UNRESTRICTED

For the Year Ended June 30, 2016

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund Unrestricted
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	$ 16,580,229	$ 1,832,890	$ 9,978,601	$ 8,428,183	$ 6,477,259	$ 43,297,162
Cash Fund and Reappropriated Funds	90,000	-	250,000	1,004,000	-	1,344,000
Total Appropriations	16,670,229	1,832,890	10,228,601	9,432,183	6,477,259	44,641,162
Revenues						
Miscellaneous revenue						
Audit reimbursements	-	-	-	398,563	-	398,563
Miscellaneous	-	-	-	-	16,000	16,000
TOTAL APPROPRIATIONS AND REVENUES	16,670,229	1,832,890	10,228,601	9,830,746	6,493,259	45,055,725
EXPENDITURES						
Compensation	9,265,359	1,794,865	6,738,575	6,990,240	5,612,753	30,401,792
Purchased services	620,195	620	1,352,145	1,483,863	222,385	3,679,208
Operating expenditures	3,426,687	22,300	415,554	301,075	150,341	4,315,957
Travel and subsistence	1,346,292	6,817	38,491	47,481	40,227	1,479,308
Capital outlay	-	-	10,930	-	-	10,930
TOTAL EXPENDITURES	14,658,533	1,824,602	8,555,695	8,822,659	6,025,706	39,887,195
EXCESS OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	2,011,696	8,288	1,672,906	1,008,087	467,553	5,168,530
OTHER FINANCING USES						
Operating transfer out	(1,958,674)	(17,723)	(1,628,783)	(633,490)	(475,288)	(4,713,958)
Reversion of non-augmenting revenue	-	-	-	(398,563)	(16,000)	(414,563)
Reversion of Cash/Reappropriated Funds appropriation	(69,365)	-	(83,950)	-	-	(153,315)
Authorized rollforward of General Funds	-	-	-	-	-	-
TOTAL OTHER FINANCING USES	(2,028,039)	(17,723)	(1,712,733)	(1,032,053)	(491,288)	(5,281,836)
NET CHANGE IN FUND BALANCE	(16,343)	(9,435)	(39,827)	(23,966)	(23,735)	(113,306)
(DEFICIT) FUND BALANCE, BEGINNING OF YEAR	(540,264)	(140,652)	(516,062)	(543,833)	(437,976)	(2,178,787)
(DEFICIT) FUND BALANCE, END OF YEAR	$ (556,607)	$ (150,087)	$ (555,889)	$ (567,799)	$ (461,711)	$ (2,292,093)

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

June 30, 2017

	Ballot Publication Revolving Fund	Legislative Expenses Fund	Youth Advisory Council Cash Fund	Legislative Cash Fund	Total General Fund Restricted
ASSETS					
Cash	$ 1,108,948	$ 218,006	$ 4,094	$ 11,035,709	$ 12,366,757
TOTAL ASSETS	$ 1,108,948	$ 218,006	$ 4,094	$ 11,035,709	$ 12,366,757
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 462,462	$ 462,462
TOTAL LIABILITIES	-	-	-	462,462	462,462
FUND BALANCES					
Committed	1,108,948	218,006	4,094	10,573,247	11,904,295
TOTAL LIABILITIES AND FUND BALANCES	$ 1,108,948	$ 218,006	$ 4,094	$ 11,035,709	$ 12,366,757

See accompanying Independent Auditors' Report.

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

June 30, 2016

	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	Youth Advisory Council Cash Fund	Legislative Department Cash Fund	Total General Fund Restricted
ASSETS					
Cash	$ 2,669,922	$ 217,124	$ 3,844	$ 10,516,366	$ 13,407,256
TOTAL ASSETS	$ 2,669,922	$ 217,124	$ 3,844	$ 10,516,366	$ 13,407,256
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 252,919	$ 252,919
TOTAL LIABILITIES	-	-	-	252,919	252,919
FUND BALANCES					
Committed	2,669,922	217,124	3,844	10,263,447	13,154,337
TOTAL FUND BALANCES	2,669,922	217,124	3,844	10,263,447	13,154,337
TOTAL LIABILITIES AND FUND BALANCES	$ 2,669,922	$ 217,124	$ 3,844	$ 10,516,366	$ 13,407,256

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

For the Year Ended June 30, 2017

	Ballot Publication Revolving Fund	Legislative Expenses Fund	Youth Advisory Council Cash Fund	Legislative Cash Fund	Total General Fund Restricted
REVENUES					
Interest income	$ 626	$ 934	$ 162	$ 17,740	$ 19,462
Donations	-	-	-	341	341
Miscellaneous revenue	-	-	-	7,302	7,302
TOTAL REVENUES	626	934	162	25,383	27,105
EXPENDITURES					
Compensation	-	-	-	-	-
Purchased services	39,864	-	20,685	92,894	153,443
Operating expenditures	2,065,906	52	2,773	500,773	2,569,504
Travel and subsistence	-	-	1,454	-	1,454
Capital expenditures	-	-	-	3,107,389	3,107,389
TOTAL EXPENDITURES	2,105,770	52	24,912	3,701,056	5,831,790
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,105,144)	882	(24,750)	(3,675,673)	(5,804,685)
OTHER FINANCING SOURCES					
Operating transfer in	544,170	-	25,000	3,985,473	4,554,643
TOTAL OTHER FINANCING SOURCES	544,170	-	25,000	3,985,473	4,554,643
NET CHANGE IN FUND BALANCE	(1,560,974)	882	250	309,800	(1,250,042)
FUND BALANCE, BEGINNING OF YEAR	2,669,922	217,124	3,844	10,263,447	13,154,337
FUND BALANCE, END OF YEAR	$ 1,108,948	$ 218,006	$ 4,094	$ 10,573,247	$ 11,904,295

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

For the Year Ended June 30, 2016

	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	Youth Advisory Council Cash Fund	Legislative Department Cash Fund	Total General Fund Restricted
REVENUES					
Interest income	$ 33,572	$ 2,722	$ 196	$ 108,420	$ 144,910
Donations	-	-	5,000	258	5,258
Miscellaneous revenue	-	-	-	3,032	3,032
TOTAL REVENUES	33,572	2,722	5,196	111,710	153,200
EXPENDITURES					
Purchased services	127,604	-	19,065	146,924	293,593
Operating expenditures	370,284	49	5,520	540,186	916,039
Travel and subsistence	-	-	5,383	-	5,383
Capital outlay	-	-	-	1,687,034	1,687,034
TOTAL EXPENDITURES	497,888	49	29,968	2,374,144	2,902,049
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(464,316)	2,673	(24,772)	(2,262,434)	(2,748,849)
OTHER FINANCING SOURCES					
Operating transfer in	533,500	-	25,000	3,655,458	4,213,958
TOTAL OTHER FINANCING SOURCES	533,500	-	25,000	3,655,458	4,213,958
NET CHANGE IN FUND BALANCE	69,184	2,673	228	1,393,024	1,465,109
FUND BALANCE, BEGINNING OF YEAR	2,600,738	214,451	3,616	8,870,423	11,689,228
FUND BALANCE, END OF YEAR	$ 2,669,922	$ 217,124	$ 3,844	$ 10,263,447	$ 13,154,337

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

For the Year Ended June 30, 2017

AGENCY	Initial General Fund Appropriations	Supplemental Appropriations	In (Out) Appropriation Allocations	Revised General Fund Appropriations	Cash and Reappropriated Appropriations	Final Adjusted Appropriation
General Assembly	$ 18,597,104	$ 10,937	$ (1,493,482)	$ 17,114,559	$ 90,000	$ 17,204,559
Joint Budget Committee	1,735,889	-	119,466	1,855,355	-	1,855,355
Legislative Council	9,718,075	16,881	505,499	10,240,455	-	10,240,455
Office of the State Auditor	7,957,107	412,149	485,374	8,854,630	900,000	9,754,630
Office of Legislative Legal Services	6,298,284	42,867	383,143	6,724,294	-	6,724,294
TOTAL	$ 44,306,459	$ 482,834	$ -	$ 44,789,293	$ 990,000	$ 45,779,293

For the Year Ended June 30, 2016

AGENCY	Initial General Fund Appropriations	Supplemental Appropriations	In (Out) Appropriation Allocations	Revised General Fund Appropriations	Cash and Reappropriated Appropriations	Final Adjusted Appropriation
General Assembly	$ 18,060,775	$ 12,936	$ (1,493,482)	$ 16,580,229	$ 90,000	$ 16,670,229
Joint Budget Committee	1,713,424	-	119,466	1,832,890	-	1,832,890
Legislative Council	9,432,180	40,922	505,499	9,978,601	250,000	10,228,601
Office of the State Auditor	7,842,809	100,000	485,374	8,428,183	1,004,000	9,432,183
Office of Legislative Legal Services	6,094,116	-	383,143	6,477,259	-	6,477,259
TOTAL	$ 43,143,304	$ 153,858	$ -	$ 43,297,162	$ 1,344,000	$ 44,641,162

Anton Collins Mitchell LLP
Accountants & Consultants

Independent Auditor's 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, in accordance with the 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, the financial statements of each major fund of the Legislative Department (the "Department") of the State of Colorado (the "State") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated December 4, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

303 East 17th Avenue, Suite 600
Denver, Colorado 80203
303.830.1120 · Fax 303.830.8130 · www.acmllp.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anton Collins Mitchell LLP

Denver, Colorado
December 4, 2017

Anton Collins Mitchell LLP
Accountants & Consultants

Communication with Those Charged with Governance at the Conclusion of the Audit

Members of the Legislative Audit Committee

We have audited the financial statements of each major fund of the Legislative Department (the "Department") of the State of Colorado (the "State") as of and for the years ended June 30, 2017 and June 30, 2016, and the related notes to the financial statements. Professional standards require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Department are described in Note 2 to the financial statements. During Fiscal Year 2016, the Department implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and Amendment of GASB Statement No. 68*. The implementation of these new statements had no material impact on the Department's financial statements; however, the footnotes disclose the amount of the net pension liability and other related disclosures relating to the implementation of these statements. No other new accounting policies were adopted and the application of existing policies was not changed during Fiscal Year 2017. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimates affecting the Department were:

> Capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets, which range from 3 years to 15 years.
>
> Pension liability and related deferred inflows of resources, deferred outflows of resources, and pension expense are based on actuarial estimates.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most significant disclosures affecting the financial statements were:

> The disclosure of Appropriations and Revenue in Note 4, Tax, Spending, and Debt Limitations in Note 6, Operating Leases in Note 8, Capital Assets in Note 9, Long-Term Obligations in Note 10, and Pension Plans in Note 11.

The financial statement disclosures are neutral, consistent, and clear.

303 East 17th Avenue, Suite 600
Denver, Colorado 80203
303.830.1120 · Fax 303.830.8130 · www.acmllp.com

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements identified as part of the audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2017.

Management Consultations with Other Independent 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 governmental unit's financial statements or a determination of the type of auditor's 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.

Other Audit Findings or Issues

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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Legislative Audit Committee and management of the Legislative Department and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Anton Collins Mitchell LLP

Denver, Colorado
December 4, 2017