

STATE OF COLORADO
LEGISLATIVE DEPARTMENT
GENERAL FUND

FINANCIAL AND COMPLIANCE AUDIT
YEARS ENDED JUNE 30, 2023 AND 2022

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Kerri L. Hunter, CPA, CFE

State Auditor

Marisa Edwards, CPA

Deputy State Auditor

Crystal Dorsey, CPA

Contract Monitor

RubinBrown LLP

Contractor



1900 16th Street
Suite 1700
Denver, CO 80202

T: 303.698.1883
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

The Members of the Legislative Audit Committee
State of Colorado Legislative Department
Denver, Colorado

We have completed the financial statement audit of the General Fund of the State of Colorado (the State) Legislative Department as of and for the years ended June 30, 2023 and 2022. Our audits were conducted 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.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions and agencies of state government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

RubinBrown LLP

January 8, 2024

TABLE OF CONTENTS

REPORT SUMMARY.....	1
AGENCY DESCRIPTIONS.....	2-4
DISPOSITION OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS.....	5
INDEPENDENT AUDITOR’S REPORT.....	6-9
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	10-14
FINANCIAL STATEMENTS	
Balance Sheets – General Fund.....	15
Statements of Appropriations, Revenues, Expenditures, and Changes in Fund Balance –	
General Fund.....	16
Budgetary Comparison Statements – General Fund (Budget Basis).....	17-20
Notes to Financial Statements.....	21-57
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Department’s Proportionate Share of the Net Pension Liability.....	58
Schedule of the Department’s Pension Contributions.....	59
Schedule of the Department’s Proportionate Share of the Net OPEB Liability.....	60
Schedule of the Department’s OPEB Contributions.....	61
Notes to Required Supplementary Information.....	62-65
SUPPLEMENTARY INFORMATION	
Combining Balance Sheets – General Fund – Unrestricted.....	66-67
Combining Statements of Appropriations, Revenues, Expenditures, and Changes in Fund	
Balance – General Fund – Unrestricted.....	68-69
Combining Balance Sheets – General Fund – Committed.....	70-71
Combining Schedules of Appropriations, Revenues, Expenditures, and Changes in Fund	
Balance – General Fund – Committed.....	72-74
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 <i>WITH GOVERNMENT AUDITING</i>	
<i>STANDARDS</i>	
	75-76
REQUIRED COMMUNICATIONS TO THE LEGISLATIVE AUDIT COMMITTEE	
	77-80

STATE OF COLORADO LEGISLATIVE DEPARTMENT

REPORT SUMMARY

YEARS ENDED JUNE 30, 2023 AND 2022

AUTHORITY

The audit of the State of Colorado (the “State”) Legislative Department’s (the Department) General Fund for the fiscal years ended June 30, 2023 and 2022 was conducted pursuant to Section 2-3-103 of the Colorado Revised Statutes (C.R.S.), which authorizes the State Auditor to conduct or cause to be conducted audits of all departments of the “State”.

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 the 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, 2023 and 2022, in accordance with the 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 from 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 preparation.

As part of obtaining reasonable assurance about whether the financial statements are free from 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 January 8, 2024, has been issued, which states that the financial statements present fairly, in all material respects, the financial position of the General Fund of the Department as of June 30, 2023 and 2022, and the changes in its financial position and its budgetary comparison 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 January 8, 2024 has also been issued, which states that the results of the Contractor Auditor’s tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

AGENCY DESCRIPTIONS

YEARS ENDED JUNE 30, 2023 AND 2022

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 (the House) 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. The terms of office of state Senators are limited to two consecutive four-year terms, and state Representatives are limited 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 Joint Budget Committee (the Committee) is the fiscal and budget review agency for the State and is comprised of six members of the 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 and 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.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

AGENCY DESCRIPTIONS YEARS ENDED JUNE 30, 2023 AND 2022

LEGISLATIVE COUNCIL

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 Legislative Council Committee is an eighteen-member body comprised of six members of the Senate, six members of the House, and the six-member Executive Committee. The Executive Committee, which is comprised of the President of the Senate, the Speaker of the House of Representatives, and the majority and minority leaders of both houses, is the governing body of the Legislative Branch.

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 was established in the State's Constitution and serves as the State's independent, external auditor. The Office of the State Auditor (OSA) is appointed by a majority vote of both houses of the General Assembly to serve for a term of five years and 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. In addition, the OSA examines all reports submitted by local governments under the Local Government Audit Law, administers the Fraud Hotline, and conducts tax expenditure evaluations on a five-year cycle.

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.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

AGENCY DESCRIPTIONS

YEARS ENDED JUNE 30, 2023 AND 2022

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 (the Office).

Within the Office is the Revisor of Statutes (the Revisor); the Revisor and his or her staff prepare various legal publications.

The Office 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. 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 Department.

REDISTRICTING COMMISSIONS

Colorado voters approved two amendments -- Amendments Y and Z -- to the Colorado Constitution in 2018 which established and required two separate independent commissions for congressional and state legislative redistricting. Each commission is comprised of 12 members who are chosen by a three-judge panel from a pool of applicants. Legislative leadership is given an opportunity to provide input on eight of the members who are selected from the pool to represent the two major political parties. The three-judge panel chooses the final four commissioners from those applicants who are unaffiliated with a political party.

The Commission has nonpartisan staff who are responsible for creating and making public the commissioner applications, vetting the applicants, staffing the three-judge panels and the commissions, and drawing and amending maps based on constitutional parameters and feedback from the commissioners and the public. The redistricting commissions were active during fiscal years 2020-21 and 2021-22.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

Disposition of Prior Audit Findings and Recommendations

Year Ended June 30, 2023 and 2022

Rec no.	Recommendation Summary	Disposition
2021-027(a)	The Legislative Department (Department) should improve its internal controls over quarterly and fiscal year-end financial reporting by (a) documenting and implementing the procedures necessary to prepare the Office of the State Controller's (OSC) required quarterly reports and the Department's annual financial statements and related supporting documentation to ensure consistent, accurate, and timely reporting of the information to the OSC and external auditors.	All parts of recommendation implemented
2021-027(b)	The Legislative Department (Department) should improve its internal controls over quarterly and fiscal year-end financial reporting by (b) ensuring that a documented review of all financial information by a person who is not the preparer occurs prior to submission to the OSC and the external auditors.	All parts of recommendation implemented

Independent Auditors' Report

Members of the Legislative Audit Committee
State of Colorado Legislative Department
Denver, Colorado

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of the General Fund of the Legislative Department (the Department) of the State of Colorado (the State), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Department, as of June 30, 2023 and 2022, and the respective changes in financial position and the respective budgetary comparisons for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis Of Matters

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in the financial position, and the budgetary comparison of only that portion of the General 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, 2023 and 2022, the changes in its financial position, and its budgetary comparison 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.

As discussed in Note 8, the Department adopted the provisions of Governmental Accounting Standard Board Statements Number 87, *Leases*, and Number 96, *Software Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities Of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

- In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:
- Exercise professional judgment and maintain professional skepticism throughout the audit.
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
 - Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 10 through 14, the schedule of the Department's proportionate share of the net pension liability on page 58, the schedule of the Department's pension contributions on page 59, the schedule of the Department's proportionate share of the net OPEB liability on page 60, the schedule of the Department's OPEB contributions on page 61, and the notes to required supplementary information on pages 62 through 65, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 GAAS, 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the report summary and the agency descriptions on pages 1 through 4 but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Department's 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.

RubinBrown LLP

January 8, 2024

STATE OF COLORADO LEGISLATIVE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2023 AND 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis of the State of Colorado (the "State") Legislative Department's (the Department) General Fund 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, 2023 and 2022, and it should be read in conjunction with the financial statements, which begin on page 15. These financial statements reflect the activities of six agencies: General Assembly, Joint Budget Committee, Legislative Council, Office of the State Auditor, Office of Legislative Legal Services, and the Redistricting Commissions, when active.

USING THIS REPORT

This financial report consists of financial statements for the fiscal years ended June 30, 2023 and 2022. The Balance Sheets – General Fund provide comparative information on the Department's assets, liabilities, and fund balances for the current and previous fiscal years. The Statements of Appropriations, Revenues, Expenditures, and Changes in Fund Balance – General Fund provide information on the current and previous fiscal years' appropriations, revenues, expenditures, other financing sources (uses), and beginning and ending fund balance. The Budgetary Comparison Statements reflect the initial budget amounts, the cumulative changes made throughout the course of each year of the biennium, 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. Government-wide financial statements are not presented.

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 one principal operating governmental fund, the General Fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for future spending.

The General Fund financial statements provide a detailed short-term view of the Department's operations and the services it provides that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. The General Fund is reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

The General Fund financial statements can be found on pages 15 and 16 of this report.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2023 AND 2022

The Department has an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided on pages 17 through 20 to demonstrate compliance with these budgets.

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 through 57 of this report.

Supplemental Information: The financial statements are followed by a section of supplemental information. Combining financial statements are presented for the unrestricted and committed funds within the General Fund.

FINANCIAL ANALYSIS

CONDENSED BALANCE SHEETS:

	2023	2022	2021
Total assets	\$ 22,348,781	\$ 20,054,442	\$ 21,088,215
Total liabilities	5,453,779	4,868,212	5,850,454
Fund balance	\$ 16,895,002	\$ 15,186,230	\$ 15,237,761

STATE OF COLORADO LEGISLATIVE DEPARTMENT

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2023 AND 2022

CONDENSED STATEMENTS OF APPROPRIATIONS, REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Appropriations	\$ 68,375,255	\$ 60,784,155	\$ 54,896,111
Revenues	510,137	372,709	1,100,185
Total appropriations and revenues	68,885,392	61,156,864	55,996,296
Total expenditures	66,607,815	60,112,181	54,285,904
Excess (deficiency) of appropriations and revenues over expenditures	2,277,577	1,044,683	1,710,392
Total other financing sources (uses)	(568,805)	(1,096,214)	(1,464,560)
Net change in fund balance	1,708,772	(51,531)	245,832
Fund balance, beginning of year	15,186,230	15,237,761	14,991,929
Fund balance, end of year	\$ 16,895,002	\$ 15,186,230	\$ 15,237,761

The Department’s General Fund includes activities committed for the following purposes: the Ballot Information Publication and Distribution Revolving Fund, the Legislative Expenses Cash Fund, the Youth Advisory Council Cash Fund, the Legislative Department Cash Fund, and the Legislative Interim Committee on School Finance Fund.

General Fund assets consist primarily of cash with the State Treasury. Accrued liabilities consist primarily of salaries payable resulting from 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.

During fiscal year 2023, the Department’s total General Fund assets increased by \$2,294,339 and General Fund liabilities increased by \$585,567, primarily due to the increased cash balance for prior year transfers of unexpended General Fund appropriations to the Legislative Department Cash Fund, as required by House Bill 12-1301, and increased salaries for elected officials and state legislators, as required by Section 2-2-307(1)(b), C.R.S.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2023 AND 2022

During fiscal year 2022, the Department's total General Fund assets decreased by \$1,033,773, and General Fund liabilities decreased by \$982,242, primarily due to the transfer of unexpended General Fund appropriations to the Legislative Department Cash Fund, as required by House Bill 12-1301, and increased salaries for elected officials and state legislators, as required by Section 2-2-307(1)(b), C.R.S.

The Department's General Fund had total fund balances as follows: \$16,895,002 at June 30, 2023, and \$15,186,230 at June 30, 2022. 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 and reflected in the accrued liabilities.

The Department's General Fund revenues for the year ended June 30, 2023 were \$510,137, an increase of 37% from the year ended June 30, 2022, primarily due to a decrease in investment losses offset by a decrease in unappropriated audit reimbursements in fiscal year 2022-23. Audit reimbursements vary from year to year based on the amount of federal grant funds subject to audit. General Fund expenditures for the year ended June 30, 2023 were \$66,607,815, an increase of 10.8% over the year ended June 30, 2022, primarily due to an increase of \$3.9 million in compensation for the addition of 12.3 FTE and annual pay increases, an increase in operating expenses of \$1.7 million for printing and distribution expenses for the ballot information booklet, and \$1.2 million increase in purchased services for repairs and maintenance on the Capitol building. Other financing sources/uses decreased by \$527,409, primarily due to a decrease in the reversion of non-augmenting revenue in fiscal year 2021-22. The Non-Spendable, prepaids amount decreased \$1,201,976 in fiscal year 2022-23, largely due to \$1,200,000 prepaid in the Ballot Information Publication and Distribution Revolving Fund accrued in fiscal year 2021-22 in anticipation of printings that occurred in fiscal year 2022-23.

The Department's General Fund revenues for the year ended June 30, 2022 were \$372,709, a decrease of 66% from the year ended June 30, 2021, primarily due to an increase in investment losses. General Fund expenditures for the year ended June 30, 2022 were \$60,112,181, an increase of 10.7% over the year ended June 30, 2021, primarily due to the Department's Redistricting Commissions' operational expenditures in fiscal year 2022. The negative balance for other financing sources/uses decreased by \$368,346 primarily due to the reporting requirements of GASB 87 in relation to the Department's active lease agreements in fiscal year 2021-22.

BUDGETARY HIGHLIGHTS

The Department's General Fund is primarily funded by appropriations from the State'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 committed General Fund does not revert to the State and is available for fund-related expenditures in subsequent fiscal years.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2023 AND 2022

FISCAL YEAR 2023 GENERAL FUND BUDGETARY HIGHLIGHTS

The Department's General Fund appropriations for fiscal year 2023 were \$68,375,255, which was a 12.5% increase from fiscal year 2022. The original budgets were decreased by \$139,801 through various bills in Fiscal Year 2023. This is primarily due to the fiscal impact of the Department's portion of applicable benefit premium cost for the Family Medical Leave Insurance fund that was budgeted and then funded by the Governor's Office. Total General Fund budgetary expenditures were \$66,232,752. The committed General Fund balance increased by \$3,276,762 and unexpended cash fund and reappropriated fund appropriations of \$111,497 reverted to the State's General Fund.

FISCAL YEAR 2022 GENERAL FUND BUDGETARY HIGHLIGHTS

The Department's General Fund appropriations for fiscal year 2022 were \$60,784,155, which was a 10.7% increase from fiscal year 2021. The original budget was increased by \$617,348 through various bills in Fiscal Year 2022. This is primarily due to the fiscal impact of the Department's portion of applicable benefit premium cost that resulted for a reclassification of the legislative aide employee group to include a benefits eligible Senior Aide position. Total General Fund budgetary expenditures were \$59,915,433. The committed General Fund balance decreased by \$1,074,539 and unexpended cash fund and reappropriated fund appropriations of \$220,948 reverted to the State's 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.

REQUESTS 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 Natalie Castle, Director, Legislative Council, 029 State Capitol Building, Denver, Colorado 80203.

FINANCIAL STATEMENTS

STATE OF COLORADO LEGISLATIVE DEPARTMENT

BALANCE SHEETS – GENERAL FUND

June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash	\$ 21,327,553	\$ 17,941,012
Accounts Receivable	65,041	60,854
Interdepartmental Receivables	675,687	570,100
Prepaid Expenses	280,500	1,482,476
	<hr/>	
Total assets	\$ 22,348,781	\$ 20,054,442
	<hr/> <hr/>	
LIABILITIES		
Accounts Payable	\$ 1,363,711	\$ 1,221,638
Accrued Liabilities	4,090,068	3,646,574
	<hr/>	
Total liabilities	5,453,779	4,868,212
	<hr/> <hr/>	
(DEFICIT) FUND BALANCE		
Non-Spendable, prepaids	280,500	1,482,476
Committed	20,302,147	17,025,385
Unassigned	(3,687,645)	(3,321,631)
	<hr/>	
Total fund balance	16,895,002	15,186,230
	<hr/> <hr/>	
Total liabilities and fund balance	\$ 22,348,781	\$ 20,054,442
	<hr/> <hr/>	

See Notes to Financial Statements.

STATE OF COLORADO LEGISLATIVE DEPARTMENT
STATEMENTS OF APPROPRIATIONS, REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GENERAL FUND
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<hr/>		
Appropriations and Revenues		
Appropriations:		
General Fund	\$ 66,749,924	\$ 59,262,916
Cash Fund and Reappropriated Funds	1,625,331	1,521,239
Total appropriations	68,375,255	60,784,155
Revenues:		
Audit reimbursements	650,517	1,220,240
Investment income (loss)	(161,749)	(851,722)
Miscellaneous	21,258	4,012
Donations	111	179
Total revenues	510,137	372,709
Total appropriations and revenues	68,885,392	61,156,864
Expenditures		
Compensation	47,688,922	43,768,393
Operating expenditures	9,556,350	7,987,259
Purchased services	7,368,892	5,465,557
Capital outlay	373,848	1,301,580
Travel and subsistence	1,461,986	1,505,712
Debt Service	157,817	83,680
Total expenditures	66,607,815	60,112,181
Excess of appropriations and revenues over expenditures	2,277,577	1,044,683
Other Financing Sources (Uses)		
Operating transfers in (out)	(31,364)	-
Reversion of non-augmenting revenue	(650,517)	(1,220,240)
Reversion of cash/reappropriated funds appropriation	(111,497)	(220,948)
Other Financing Source - Lease Proceeds	224,573	344,974
Total other financing sources (uses)	(568,805)	(1,096,214)
Net change in fund balance	1,708,772	(51,531)
Fund Balance, beginning of year	15,186,230	15,237,761
Fund Balance, end of year	\$ 16,895,002	\$ 15,186,230

See Notes to Financial Statements.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND (BUDGET BASIS)
YEAR ENDED JUNE 30, 2023**

	Legislative Appropriations Bill	Long Appropriations Bill	Bills Adjusting Initial Appropriations
<hr/>			
Appropriations and Revenues			
Appropriations			
General Fund			
Cash Fund and Reappropriated Funds			
Total appropriations			
Revenues			
Audit reimbursements			
Investment income (loss)			
Miscellaneous			
Donations			
Total revenues			
Total appropriations and revenues			
Expenditures by Appropriation			
General administration	\$ 58,357,432		\$ (139,801)
Ballot analysis		2,500,000	
Property tax study		752,000	
PERA amortization equalization disbursement	1,886,562		
PERA supplemental amortization equalization disbursement	1,886,562		
SB 19-203 PERA Direct Distribution	-		
Maintenance of legislative space		2,714,382	
Legal services		22,011	
Payments to Office of Information Technology		32,133	
Workers' compensation		62,902	
General liability/property insurance		196,270	
CORE operations		37,302	
Youth Advisory Council Committed General Fund	50,000		
Total expenditures by appropriation	<u>62,180,556</u>	<u>6,317,000</u>	<u>(139,801)</u>
Excess of appropriations and revenues over expenditures and transfers	<u>\$ (62,180,556)</u>	<u>\$ (6,317,000)</u>	<u>\$ 139,801</u>
Other Financing Sources (Uses)			
Operating transfers in			
Reversion of non-augmenting revenue			
Reversion of cash/reappropriated funds appropriation			
Other Financing Source - Lease Proceeds			
Total other financing sources (uses)			
Net change in fund balance			
Fund Balance, beginning of year			
Fund Balance, end of year			
See Notes to Financial Statements.			

STATE OF COLORADO LEGISLATIVE DEPARTMENT

BUDGETARY COMPARISON STATEMENT
 GENERAL FUND (BUDGET BASIS)
 YEAR ENDED JUNE 30, 2023

Transfers	Rollforward	Budget	Actual	Variance with Final Budget
		\$ 66,749,924	\$ 66,749,924	\$ -
		1,625,331	1,625,331	-
		<u>68,375,255</u>	<u>68,375,255</u>	-
		-	650,517	650,517
		-	(161,749)	(161,749)
		-	21,258	21,258
		-	111	111
		-	<u>510,137</u>	<u>510,137</u>
		<u>68,375,255</u>	<u>68,885,392</u>	<u>510,137</u>
\$ 3,773,124	\$ 17,500	62,008,255	59,865,752	2,142,503
		2,500,000	2,500,000	-
		752,000	752,000	-
(1,886,562)		-	-	-
(1,886,562)		-	-	-
-		-	-	-
		2,714,382	2,714,382	-
		22,011	22,011	-
		32,133	32,133	-
		62,902	62,902	-
		196,270	196,270	-
		37,302	37,302	-
		50,000	50,000	-
-	17,500	<u>68,375,255</u>	<u>66,232,752</u>	<u>2,142,503</u>
\$ -	\$ (17,500)	-	2,652,640	2,652,640
			(31,364)	(31,364)
			(650,517)	(650,517)
			(111,497)	(111,497)
			<u>224,573</u>	<u>224,573</u>
			<u>(568,805)</u>	<u>(568,805)</u>
			-	2,083,835
			-	18,344,151
			<u>18,344,151</u>	<u>18,344,151</u>
\$ -	\$ -	\$ -	\$ 20,427,986	\$ 20,427,986

STATE OF COLORADO LEGISLATIVE DEPARTMENT

BUDGETARY COMPARISON STATEMENT

GENERAL FUND (BUDGET BASIS)

YEAR ENDED JUNE 30, 2022

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations
Appropriations and Revenues			
Appropriations			
General Fund			
Cash Fund and Reappropriated Funds			
Total appropriations			
Revenues			
Audit reimbursements			
Investment income (loss)			
Miscellaneous			
Donations			
Total revenues			
Total appropriations and revenues			
Expenditures by Appropriation			
General administration	\$ 50,488,749	\$ -	\$ 617,348
Ballot analysis	-	1,600,000	-
Cost of living analysis	-	250,000	-
Property tax study	-	676,000	-
PERA amortization equalization disbursement	1,661,297	-	-
PERA supplemental amortization equalization disbursement	1,661,297	-	-
SB 19-203 PERA Direct Distribution	747,558	-	-
Maintenance of legislative space	-	2,827,884	-
Payments to Office of Information Technology	-	54,442	-
Workers' compensation	-	43,015	-
General liability/property insurance	-	94,702	-
CORE operations	-	36,863	-
Youth Advisory Council Committed General Fund	25,000	-	-
Total expenditures by appropriation	<u>54,583,901</u>	<u>5,582,906</u>	<u>617,348</u>
Excess of appropriations and revenues over expenditures and transfers	<u>\$ (54,583,901)</u>	<u>\$ (5,582,906)</u>	<u>\$ (617,348)</u>
Other Financing Sources (Uses)			
Operating transfers in			
Reversion of non-augmenting revenue			
Reversion of cash/reappropriated funds appropriation			
Other Financing Source - Lease Proceeds			
Total other financing sources (uses)			
Net change in fund balance			
Fund Balance, beginning of year			
Fund Balance, end of year			

See Notes to Financial Statements.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

BUDGETARY COMPARISON STATEMENT

GENERAL FUND (BUDGET BASIS)

YEAR ENDED JUNE 30, 2022

Transfers	Rollforward	Budget	Actual	Variance with Final Budget
		\$ 59,262,916	\$ 59,262,916	\$ -
		\$ 1,521,239	1,521,239	-
		60,784,155	60,784,155	-
		-	1,220,240	1,220,240
		-	(851,722)	(851,722)
		-	4,012	4,012
		-	179	179
		-	372,709	372,709
		60,784,155	61,156,864	372,709
\$ 4,070,152	\$ -	55,176,249	54,413,027	763,222
-	-	1,600,000	1,600,000	-
-	-	250,000	178,500	71,500
-	-	676,000	676,000	-
(1,661,297)	-	-	-	-
(1,661,297)	-	-	-	-
(747,558)	-	-	-	-
-	-	2,827,884	2,793,884	34,000
-	-	54,442	54,442	-
-	-	43,015	43,015	-
-	-	94,702	94,702	-
-	-	36,863	36,863	-
-	-	25,000	25,000	-
-	-	60,784,155	59,915,433	868,722
\$ -	\$ -	-	1,241,431	1,241,431
				1,241,431
		-	-	-
		-	(1,220,240)	(1,220,240)
		-	(220,948)	(220,948)
		-	344,974	344,974
		-	(1,096,214)	(1,096,214)
		-	145,217	145,217
		-	18,198,934	18,198,934
\$ -	\$ -	\$ 18,344,151	\$ 18,344,151	\$ 18,344,151

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 1. Definition of Reporting Entity

The Legislative Department (the Department) is a department of the State of Colorado (the “State”). The State is the oversight entity that has the responsibility for primary reporting of the Department’s financial activities. The accompanying financial statements present only that portion of the State’s financial position and activity which pertains to the Department. The Department’s primary activities are included in the General Fund of the State’s financial statements. The Department is a department of the State; therefore, its financial activities are presented within the State’s Annual Comprehensive Financial Report (the ACFR). The State’s ACFR can be obtained at www.colorado.gov/pacific/osc/acfr.

The Department consists of six agencies: General Assembly, Joint Budget Committee, Legislative Council, Office of the State Auditor, Office of Legislative Legal Services, and the Redistricting Commissions, when active.

Note 2. Summary of Significant Accounting Policies

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

Measurement focus, basis of accounting, and financial statement presentation: The Department does not meet the definition of legal entity, and is not intended to be a general-purpose government and, therefore, presents its financial statements on a fund basis.

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 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's activities are accounted for in five Committed General Funds and the unassigned General Fund.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies, *Continued*

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 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 are as follows:

	<u>2023</u>	<u>2022</u>
Total expenditures, GAAP basis	\$ 66,607,815	\$ 60,112,181
(Increase) in salaries incurred but unpaid	(375,063)	(196,748)
	<hr/>	
Total expenditures, budgetary basis	\$ 66,232,752	\$ 59,915,433

Cash: The cash balance at June 30, 2023 and 2022 represents the net year-end effect of transactions between the 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 its cash with the Colorado State Treasurer. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2023, the Department had cash on deposit with the State Treasurer of \$21.3 million, which represented approximately .1 percent of the total \$18,810.9 million fair value of deposits in the State Treasurer’s Pool (Pool). As of June 30, 2022, the Department had cash on deposit with the State Treasurer of \$17.9 million, which represented

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies, *Continued*

approximately 0.09 percent of the total \$21,060.9 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2023, the Pool's resources included \$35.0 million of cash on hand and \$18,775.8 million of investments.

On the basis of the Department's participation in the Pool, the Department reports an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year.

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Annual Comprehensive Financial Report for the year ended June 30, 2023.

Fund balance: Fund balance classifications are non-spendable and spendable, as follows:

Non-spendable fund balance: Non-spendable fund balance consists of prepaid expenses. The General Fund non-spendable fund balance was \$280,500 and \$1,482,476 at June 30, 2023 and 2022, respectively.

Spendable fund balance: 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. 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:** 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.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies, *Continued*

The Department has the following five committed general funds:

1. 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 Section 1-40-124.5(2), 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.
2. 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 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.
3. 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 monies 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.
4. The Legislative Department Cash Fund was created by House Bill 09-1348 to pay for expenses of the Department. The fund is comprised of monies the Department accepts as gifts, grants, or donations from private and public sources and any other monies 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 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 Department to be transferred to the Department Cash Fund.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies, *Continued*

5. The Legislative Interim Committee on School Finance Fund was created by House Bill 17-1340 and extended by Senate Bill 19-094 to study the issues described in Part 19 of Article 2 of Title 2 and create a new school finance funding formula. For the year ended June 30, 2019, the General Assembly appropriated \$380,869 to the Department from the State Public School Fund, created in Section 22-54-114(1), C.R.S., to pay the costs incurred by the Legislative Interim Committee on School Finance. Any unexpended balance of monies appropriated by the General Assembly prior to July 1, 2019 is further appropriated to Legislative Council for the 2019-2020 State fiscal year. For the year ended June 30, 2023 and June 30, 2022, the Legislative Interim Committee on School Finance was not reauthorized. Any monies credited to the fund and unexpended at the end of any given fiscal year will remain in the fund.

The committed fund balances at June 30 are as follows:

	2023	2022
Ballot Information Publication and Distribution Revolving Fund	\$ 385,536	\$ 40,222
Legislative Expenses Cash Fund	176,424	175,224
Youth Advisory Council Cash Fund	32,238	12,532
Legislative Department Cash Fund	19,560,547	16,650,005
Legislative Interim Committee on School Finance Fund	147,402	147,402
	<hr/>	<hr/>
Total committed fund balances	\$ 20,302,147	\$ 17,025,385
	<hr/> <hr/>	<hr/> <hr/>

- Unassigned fund balance: Unassigned fund balance is the residual category in the General Fund. At June 30, 2023 and 2022, the General Fund had an unassigned deficit fund balance of \$3,687,645 and \$3,321,631, respectively. The deficit fund balance is due to salaries and benefits being incurred but unpaid at fiscal year-end as discussed in Note 3. The Department received the appropriation to pay the accrued salaries and benefits on July 1 of the following year.

Note 3. Accrued Salaries and Benefits

Senate Bill 03-197 requires employee salaries to be paid on a monthly basis as of the last working day of the month, except that salaries for the month of June shall be paid on the first working day of July. The salaries and benefits earned, but unpaid, were \$3,420,781 and \$3,072,547 as of June 30, 2023 and 2022, respectively. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 4. Appropriations and Revenue

The 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 requires unexpended General Fund appropriations to the Department to be transferred to the Legislative Department Cash Fund.

The Department's appropriation for the years ended June 30, 2023 and 2022 specified that \$90,000 for each year of revenue earned by the sale of bill copies was available for expenditure by the General Assembly. In addition, the Department appropriation for the years ended June 30, 2023 and 2022 specified that \$141,000 and \$141,000, respectively, reappropriated from the General Assembly to the Legislative Council was available for use in the first class printing of House and Senate bills and other legislative products, as described in Section 24-70-203(1)(a), C.R.S. Also, the Department appropriation for the years ended June 30, 2023 and 2022 specified that \$0 and \$250,000, respectively, reappropriated from the Department of Education to the Legislative Council was available for use for the cost of living analysis, as described in Section 22-54-104(5)(c), C.R.S. Lastly, the Department appropriation for the years ended June 30, 2023 and 2022 also specified that audit reimbursements of \$1,394,331 and \$1,040,239, respectively, were available for expenditure by the Office of the State Auditor. Receipts in excess of that amount were not available for expenditure.

Revenue for the years ended June 30, 2023 and 2022 consists of reimbursements in excess of the appropriated amounts disclosed above for audit services performed by the Office of the State Auditor for certain non-state-appropriated activities of the State, as well as investment income and other miscellaneous amounts. House Bill 13-1039 requires miscellaneous revenues, with certain exceptions, to be deposited in the Legislative Department Cash Fund.

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 2023 was \$2,512,171 and for Fiscal Year 2022 was \$2,402,523. These amounts are not reflected in audit reimbursements.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 5. Audit Contracts, *Continued*

As of June 30, 2023 and 2022, the Office of the State Auditor had contract commitments of \$2,512,171 and \$1,931,849 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.

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 did not affect the Department's fiscal year 2023 and 2022 financial statements; however, the limitations contained in TABOR may impact future financial activity of the State and the Department.

Note 7. Related-Party Transactions

As a department of the State, the Department receives many services from other state agencies, many of which are not billed to the Department. The most significant of these are accounting support and review services provided by the Office of the State Controller to the Chief Financial Officer for the Legislative Council.

Note 8. Leases and Subscription-Based Information Technology Arrangements

For Fiscal Years 2022 and 2023, respectively, the State implemented the requirements of Governmental Accounting Standards Board Statement No. 87 — *Leases* and Governmental Accounting Standards Board and Statement No. 96 - *Subscription-Based Information Technology Arrangements* (SBITA).

Pursuant to the provisions of GASB Statement No. 34, the Department's lease and SBITA liabilities are reported only in the State's financial statements. The deferred inflows of resources, capital outlay, and principal and interest payments related to these agreements are included in the Department's general fund.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 8. Leases and Subscription-Based Information Technology Arrangements, *Continued*

Department as Lessee

The Department has a number of leases primarily for copier and printing machinery. There are also a number of SBITAs that were recorded in accordance with the implementation of GASB 96. Refer to Note 9 for additional information on the leased assets, SBITAs and related accumulated amortization.

Outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease and SBITA liability for fiscal year 2023 and 2022 is \$224,573 and \$344,974 respectively. There were no significant outflows of resources recognized in the reporting period for other payments.

Lease and SBITA principal and interest requirements to maturity are presented in the following table:

Fiscal Year(s)	Governmental Activities					
	Leases			SBITAs		
	Interest	Principle		Interest	Principle	
2024	\$ 2,131	\$ 85,188		\$ 1,325	\$ 68,392	
2025	1,460	60,372		290	40,602	
2026	874	46,646		-	-	
2027	464	31,562		-	-	
Total	\$ 4,929	\$ 223,768		\$ 1,615	\$ 108,994	

There were no significant commitments under leases that existed before the commencement of the lease term; no significant losses associated with impairments; no significant sublease or sale-leaseback/lease-leaseback transactions; and no significant collateral as security.

Department as Lessor

The Department does not lease buildings, office space, excess facilities owned by institutions of higher education, or land use rights.

There are no significant leases of assets that are held as investments; no significant regulated leases; and no leasing of assets to other entities which are considered to be a principal and ongoing operation.

Note 9. Capital and Right-to-Use Assets

Pursuant to the provisions of GASB Statement No. 34, the Department’s capital assets and right-to-use assets are reported only in the State’s financial statements. In addition, these capital assets are depreciated or amortized over their estimated useful lives or lease terms, but depreciation and amortization expense is also reported only in the State’s financial statements.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital and Right-to-Use Assets, *Continued*

Capital assets are stated at historical cost. Donated capital assets are stated at their estimated acquisition 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.

Right-to-Use assets are stated at present value cost calculated using the Colorado State Treasury’s incremental borrowing rate. These right-to-use assets are recorded in accordance with GASB 87 and GASB 96 requirements. The GASB 87 right-to-use assets consist of leased equipment assets with agreements to use such assets over more than a single year period. The GASB 96 right-to-use assets include Subscription Based Information Technology Arrangement (SBITA) assets, which include all licensing purchases that are for multi-year licensing agreements. Both standards were implemented as of July 1, 2021. All right-to-use assets are amortized over the term of the lease or subscription or useful life of the underlying asset, whichever is shorter. The following schedules show the capital assets and right-to-use activity for fiscal years ended June 30, 2023 and June 30, 2022:

Capital Assets:

	Equipment	Software	Construction in Progress ¹	Total
Cost:				
Balance, July 1, 2021	2,840,102	191,860	1,478,008	4,509,970
Additions	320,640	-	-	320,640
Deletions	-	-	-	-
Balance, June 30, 2022	3,160,742	191,860	1,478,008	4,830,610
Additions	474,408	-	-	474,408
Deletions	-	-	(1,478,008)	(1,478,008)
Balance, June 30, 2023	3,635,150	191,860	-	3,827,010
Accumulated depreciation:				
Balance, July 1, 2021	(2,445,079)	(191,860)	-	(2,636,939)
Additions	(168,286)	-	-	(168,286)
Deletions	-	-	-	-
Balance, June 30, 2022	(2,613,365)	(191,860)	-	(2,805,225)
Additions	(221,986)	-	-	(221,986)
Deletions	-	-	-	-
Balance, June 30, 2023	(2,835,351)	(191,860)	-	(3,027,211)
Total capital assets, net, June 30, 2023	\$ 799,799	\$ -	\$ -	\$ 799,799

¹Building improvements were capitalized in the State's financial statements and transferred to the Department of Personnel and Administration.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital and Right-to-Use Assets, *Continued*

Right-to-Use Assets:

	Equipment	Software	Total
Cost:			
Balance, July 1, 2021	-	-	-
Additions	344,974	-	344,974
Deletions	-	-	-
Balance, June 30, 2022	344,974	-	344,974
Additions	58,360	166,213	224,573
Deletions	(24,008)		(24,008)
Balance, June 30, 2023	379,326	166,213	545,539
Accumulated amortization			
Balance, July 1, 2021	-	-	-
Additions	(82,936)	-	(82,936)
Deletions	-	-	-
Balance, June 30, 2022	(82,936)	-	(82,936)
Additions	(97,639)	(57,768)	(155,407)
Deletions	24,008		24,008
Balance, June 30, 2023	(156,567)	(57,768)	(214,335)
Total right-to-use assets, net, June 30, 2023	\$ 222,759	\$ 108,445	\$ 331,204

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Obligations

Pursuant to the provisions of GASB Statement No. 34, the Department’s compensated absences accruals are reported only in the State’s financial statements. These expenses are also reported only in the State’s financial statements.

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.

The following is a summary of changes in the Department’s compensated absences to be included in the governmental activities in the State’s financial statements:

	Compensated Absences
Balance, July 1, 2021	\$ 3,799,558
Additions	140,784
Reductions	(145,574)
Balance, June 30, 2022	3,794,768
Additions	344,539
Reductions	-
Balance, June 30, 2023	\$ 4,139,307
Portion due within one year	\$ 5,686

Note 11. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pursuant to the provisions of GASB Statement No. 34, the Department’s Defined Benefit Pension Plan balances are reported only in the State’s financial statements.

Pensions. The Department participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan 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 (FNP) and additions to/deductions from the FNP 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.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, *Continued*

General Information about the Pension Plan

Plan description. Eligible employees of the Department are provided with pensions through the 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2022. 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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% of highest average salary and 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% or 100% 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.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, *Continued*

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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. For State Troopers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above 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 provisions as of June 30, 2023 and 2022: Eligible employees of, the Department and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of July 1, 2022, through June 30, 2023 are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee contribution	10.00%	10.50%	10.50%	11.00%	11.00%

**Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, *Continued*

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	10.90%	10.90%	10.90%	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SDTF	9.88%	9.88%	9.88%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.05%	0.10%	0.10%	0.17%
Total employer contribution rate to the SDTF	19.93%	19.93%	19.98%	20.48%	20.55%

**Contribution rates for the SDTF 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 Department is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Department were \$8,049,217 and \$6,129,967 for the year ended June 30, 2023 and June 30, 2022, respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of each division of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA’s negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires the State to make an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed on July 1, 2023.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, Continued

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

The net pension liability for the SDTF as of June 30, 2023 and 2022 were measured as of December 31, 2022 and 2021, respectively, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020, respectively. Standard update procedures were used to roll-forward the TPL to December 31, 2022 and 2021. The Department’s proportion of the net pension liability was based on the Department’s contributions to the SDTF for the calendar year 2022 and 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State’s financial reporting entity.

At June 30, 2023 and 2022, the Department’s liability was \$89,972,367 and 60,521,675, respectively, for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Department as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the Department were as follows:

	2023	2022
The Department's proportionate share of the net pension liability	\$89,972,367	\$60,521,675
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Department	-	-
Total	\$89,972,367	\$60,521,675

At December 31, 2022, the Department proportion was 0.828%, which was an increase of 0.007% from its proportion measured as of December 31, 2021, the Department’s proportion was 0.821% which was an increase of 0.035% from its proportion measured as of December 31, 2020.

For the years ended June 30, 2023 and June 30, 2022. The Department’s share of pension expense was \$9,195,112 and \$1,646,010, respectively. At June 30, 2023 and June 30, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	\$ 1,206,296	\$ 411,808	\$ 84,196
Changes of assumptions or other inputs	-	-	2,157,826	-
Net difference between projected and actual earnings on pension plan investments	11,438,509	-	-	20,827,126
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,564,239	122,374	2,291,284	414,548
Contributions subsequent to the measurement date	3,525,395	N/A	3,359,598	N/A
	\$ 16,528,143	\$ 1,328,670	\$ 8,220,516	\$ 21,325,870

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, *Continued*

\$3,525,395 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2023	(813,343)
2024	1,507,837
2025	4,219,095
2026	<u>6,760,490</u>
Total	<u><u>11,674,079</u></u>

Actuarial assumptions. The TPL in the December 31, 2020 and 2021, actuarial valuation were determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.30%-10.90%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, *Continued*

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG 2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, 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 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, *Continued*

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the TPL was 7.25%. 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 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect 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.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, *Continued*

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, 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. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan, *Continued*

Sensitivity of the Department’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	2023		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 115,019,238	\$ 89,972,397	\$ 68,903,256

	2022		
	1% Decrease (6.25%)	Current Discount ate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 85,363,653	\$ 60,521,675	\$ 39,637,606

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

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Pension Plans

Defined Contribution Pension Plan

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the Department that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), 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 ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 401(k) Plan 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.

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description – Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of state colleges and universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, 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 ACFR as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and the Department are required to contribute a percentage of the participating employees’ PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2022, through June 30, 2023 are summarized in the tables below:

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Pension Plans, *Continued*

	July 1, 2021 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee Contribution Rates:			
All employees other than State Troopers	10.50%	11.00%	11.00%
Employer Contribution Rates:			
On behalf of all employees other than State Troopers	10.15%	10.15%	10.15%

**Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts, as follows:

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24- 51-413	0.50%	0.50%	1.00%	1.00%
Additional statutory contribution as specified in C.R.S. § 24-51- 401 and § 24-51-1505	0.25%	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.10%	0.10%	0.17%
Total employer contribution rate to the SDTF	10.80%	10.85%	11.35%	11.42%

**Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Pension Plans, *Continued*

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% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 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. Participating employees in the PERA DC Plan contributed \$550,100 and \$613,011 for fiscal years 2023 and 2022, respectively.

Note 13. Defined Benefit Other Postemployment Benefit (OPEB) Plan

Pursuant to the provisions of GASB Statement No. 34, the Department's OPEB balances are reported only in the State's financial statements.

Summary of Significant Accounting Policies

OPEB. The Department participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Department are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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 the premium subsidies. Colorado state law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Department is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Department were \$303,783 and \$267,437 for the years ended June 30, 2023 and June 30, 2022, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 and June 30, 2021, respectively, the Department liability was \$2,074,128 and \$2,194,017, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022 and 2021, respectively, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021 and 2020, respectively. Standard update procedures were used to roll-forward the TOL to December 31, 2022 and 2021. The Department's proportion of the net OPEB liability was based on the Department's contributions to the HCTF for the calendar year 2022 and 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Department proportion was 0.254%, which was a decrease of 0.0004% from its proportion measured as of December 31, 2021. At December 31, 2021, the Department proportion was 0.254%, which was a decrease of 0.0006% from its proportion measured as of December 31, 2020.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

For the years ended June 30, 2023 and June 30, 2022, the Department’s OPEB expense of \$79,534 and \$79,639, respectively. At June 30, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$269	\$501,594
Changes of assumptions or other inputs	33,337	228,919
Net difference between projected and actual earnings on OPEB plan investments	126,684	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	174,875	17,497
Contributions subsequent to the measurement date	165,710	N/A
Total	\$500,874	\$748,010

At June 30, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$3,343	\$520,228
Changes of assumptions or other inputs	45,425	119,013
Net difference between projected and actual earnings on OPEB plan investments	0	135,810
Changes in proportion and differences between contributions recognized and proportionate share of contributions	229,411	17,726
Contributions subsequent to the measurement date	163,103	N/A
Total	\$441,282	\$792,777

\$165,710 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

Year ended June 30:	
2024	\$(143,449)
2025	(145,112)
2026	(70,558)
2027	3,573
2028	(46,336)
Thereafter	(10,963)
Total	\$(412,846)

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

Actuarial assumptions. The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%- 10.90%	3.40%- 11.00%	3.20%- 11.30%	2.80%- 5.30%
State Troopers	3.20%- 12.40%	N/A	3.20%- 12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			4.5% in 2021, 6.50% in 2022, gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, gradually increasing to 4.50% in 2029	

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021 and 2020, valuations for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, 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 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 percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

Sensitivity of the Department’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

2023

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$2,015,420	\$2,074,128	\$2,138,007

2022

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$2,131,011	\$2,194,017	\$2,267,005

Discount rate. The discount rate used to measure the TOL was 7.25%. 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- 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 3.00%.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Department proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits (OPEB), *Continued*

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

2023

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$2,404,528	\$2,074,128	\$1,791,528

2022

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$2,548,121	\$2,194,017	\$1,891,551

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 14. Risk Management

The State 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 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.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

Note 15. Commitments and Subsequent Events

Additional information is included in the State's Annual Comprehensive Financial Report (ACFR), which can be obtained at <https://osc.colorado.gov/financial-operations/financial-reports/acfr>.

The Department has evaluated subsequent events through January 8, 2024, 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

STATE OF COLORADO LEGISLATIVE DEPARTMENT

**SCHEDULE OF THE DEPARTMENT’S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

Last Ten Fiscal Years

Measurement Date December 31,	Department’s Proportion of the Net Pension Liability	Department’s Proportionate Share of the Net Pension Liability	Department’s Covered Payroll	Department’s Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.637213%	56,762,749	16,352,815	347.11%	61.08%
2014	0.655749%	61,683,132	17,566,389	351.14%	56.84%
2015	0.688378%	72,493,353	19,027,811	380.99%	56.11%
2016	0.698981%	128,389,826	19,796,430	648.55%	42.59%
2017	0.724799%	145,090,066	21,159,818	685.69%	43.20%
2018	0.736839%	83,842,468	22,233,828	377.09%	55.11%
2019	0.788589%	76,523,124	24,806,429	308.48%	62.24%
2020	0.785740%	74,525,794	25,996,374	286.68%	65.34%
2021	0.820600%	60,521,675	27,683,174	218.62%	73.05%
2022	0.827517%	89,972,397	27,361,068	328.83%	60.63%

See Notes to Required Supplementary Information.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

SCHEDULE OF THE DEPARTMENT'S PENSION

CONTRIBUTIONS

Last Ten Fiscal Years

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,711,069	\$ 2,711,069	\$ -	\$ 16,931,486	16.01%
2015	3,130,302	3,130,302	-	18,504,271	16.92%
2016	3,452,890	3,452,890	-	19,386,123	17.81%
2017	3,608,889	3,608,889	-	20,549,066	17.56%
2018	4,125,602	4,125,602	-	21,566,135	19.13%
2019	5,098,285	5,098,285	-	23,627,552	21.58%
2020	5,576,445	5,576,445	-	25,616,946	21.77%
2021	5,196,444	5,196,444	-	27,683,174	18.77%
2022	6,129,967	6,129,967	-	27,361,068	22.40%
2023	8,049,217	8,049,217		29,783,106	27.03%

See Notes to Required Supplementary Information.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

**SCHEDULE OF THE DEPARTMENT’S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY**

Last Seven Fiscal Years*

Measurement Date December 31,	Department’s Proportion of the Net OPEB Liability	Department’s Proportionate Share of the Net OPEB Liability	Department’s Covered Payroll	Department’s Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2016	0.222729%	\$ 2,887,757	\$ 19,796,430	14.59%	20.07%
2017	0.233416%	3,033,468	21,159,818	14.34%	21.25%
2018	0.237500%	3,231,286	22,233,828	14.53%	20.52%
2019	0.249647%	2,806,024	24,806,429	11.31%	32.43%
2020	0.248160%	2,358,071	25,996,374	9.07%	48.76%
2021	0.254440%	2,194,017	27,683,174	7.93%	39.40%
2022	0.254033%	2,074,128	27,361,068	7.58%	38.57%

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

**SCHEDULE OF THE DEPARTMENT'S OPEB
CONTRIBUTIONS**

Last Seven Fiscal Years*

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 209,558	\$ 209,558	\$ -	\$ 20,549,066	1.02%
2018	219,957	219,957	-	21,566,135	1.02%
2019	240,958	240,958	-	23,627,552	1.02%
2020	296,194	296,194	-	25,616,946	1.16%
2021	257,800	287,800	-	27,683,174	0.93%
2022	267,437	267,437	-	27,361,068	0.98%
2023	303,783	303,783	-	29,783,106	1.02%

** This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Pension Commitment

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

Changes in assumptions or other inputs effective for the December 31, 2022 measurement period are as follows:

- There were no changes made to the actuarial methods or assumptions.

Changes in assumptions or other inputs effective for the December 31, 2021 measurement period are as follows:

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption increased to 4.95% per year, net of investment expenses, from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table, with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above-Median Employee Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - *Males*: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - *Females*: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Pension Commitment, *Continued*

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Health Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

Changes in assumptions or other inputs effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Pension Commitment, *Continued*

There were no changes in assumptions or other inputs effective for the December 31, 2015 measurement period for pension.

There were no changes in assumptions or other inputs effective for the December 31, 2014 measurement period for pension.

Changes in assumptions or other inputs effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The price inflation assumption was lowered from 3.50% to 2.80%.
- The wage inflation assumption was lowered from 4.25% to 3.90%.

Note 2. Other Postemployment Benefits (OPEB) Commitment

Changes in assumptions or other inputs effective for the December 31, 2022 measurement period are as follows:

- The timing of the retirement decrement was adjusted to middle-of-year.
- **Changes in assumptions or other inputs effective for the December 31, 2021 measurement period are as follows:** There were no changes made to the actuarial methods or assumptions.

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30%, and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption increased to 4.95% per year, net of investment expenses, from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table, with generational projection using scale MP-2019.

STATE OF COLORADO LEGISLATIVE DEPARTMENT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 2. Other Postemployment Benefits (OPEB) Commitment, *Continued*

- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above-Median Employee Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - *Males*: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - *Females*: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Health Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Health Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - *Males*: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - *Females*: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

SUPPLEMENTARY INFORMATION

STATE OF COLORADO LEGISLATIVE DEPARTMENT

COMBINING BALANCE SHEET – GENERAL FUND – UNRESTRICTED

Year Ended June 30, 2023

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund - Unrestricted
ASSETS						
Cash	\$ 266,494	\$ 98,158	\$ (76,963)	\$ 241,303	\$ 443,419	\$ 972,411
Accounts Receivable	-	747	60	64,234	-	65,041
Interdepartmental Receivables	87,486	-	-	588,201		675,687
Prepaid Expenses	-	-	212,084	54,780		266,864
Total assets	\$ 353,980	\$ 98,905	\$ 135,181	\$ 948,518	\$ 443,419	\$ 1,980,003
LIABILITIES						
Accounts Payable	\$ 121,180	\$ 75,865	\$ 138,593	\$ 938,205	\$ 36,873	\$ 1,310,716
Accrued Liabilities	1,130,076	214,043	942,531	713,042	1,090,376	4,090,068
Total liabilities	1,251,256	289,908	1,081,124	1,651,247	1,127,249	5,400,784
(DEFICIT) FUND BALANCES						
Non-Spendable, prepaids			212,084	54,780		266,864
Unassigned	(897,276)	(191,003)	(1,158,027)	(757,509)	(683,830)	(3,687,645)
Total (deficit) fund balances	(897,276)	(191,003)	(945,943)	(702,729)	(683,830)	(3,420,781)
Total liabilities and (deficit) fund balances	\$ 353,980	\$ 98,905	\$ 135,181	\$ 948,518	\$ 443,419	\$ 1,980,003

STATE OF COLORADO LEGISLATIVE DEPARTMENT

COMBINING BALANCE SHEET – GENERAL FUND – UNRESTRICTED

Year Ended June 30, 2022

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund - Unrestricted
ASSETS						
Cash	\$ 288,595	\$ 44,146	\$ (56,753)	\$ 145,867	\$ 272,501	694,356
Accounts Receivable	-	-	-	60,854	-	60,854
Interdepartmental Receivables	-	-	-	570,100	-	570,100
Prepaid Expenses	-	-	204,624	44,460	-	249,084
Total assets	\$ 288,595	\$ 44,146	\$ 147,871	\$ 821,281	\$ 272,501	\$ 1,574,394
LIABILITIES						
Accounts Payable	\$ 116,112	\$ 1,821	\$ 109,113	\$ 764,159	\$ 9,162	\$ 1,000,367
Accrued Liabilities	988,894	226,832	875,135	709,564	846,149	\$ 3,646,574
Total liabilities	1,105,006	228,653	984,248	1,473,723	855,311	4,646,941
(DEFICIT) FUND BALANCES						
Non-Spendable, prepaids	-	-	204,624	44,460	-	249,084
Unassigned	(816,411)	(184,507)	(1,041,001)	(696,902)	(582,810)	(3,321,631)
Total (deficit) fund balances	(816,411)	(184,507)	(836,377)	(652,442)	(582,810)	(3,072,547)
Total liabilities and (deficit) fund balances	\$ 288,595	\$ 44,146	\$ 147,871	\$ 821,281	\$ 272,501	\$ 1,574,394

STATE OF COLORADO LEGISLATIVE DEPARTMENT

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

Year Ended June 30, 2023

	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	\$ 25,574,945	\$ 2,613,863	\$ 17,051,766	\$ 11,224,567	\$ 10,284,783	\$ 66,749,924
Cash Fund and Reappropriated Funds	90,000	-	141,000	1,394,331	-	1,625,331
Total appropriations	25,664,945	2,613,863	17,192,766	12,618,898	10,284,783	68,375,255
Revenues:						
Audit reimbursements	-	-	-	650,517	-	650,517
Total revenues	-	-	-	650,517	-	650,517
Total appropriations and revenues	25,664,945	2,613,863	17,192,766	13,269,415	10,284,783	69,025,772
Expenditures						
Compensation	16,638,052	2,376,411	11,788,376	8,364,468	8,521,615	47,688,922
Operating expenditures	4,060,137	57,137	1,036,438	359,951	207,922	5,721,585
Purchased services	858,212	4,379	1,467,001	2,014,976	344,947	4,689,515
Capital outlay	95,087	55,425	92,360	-	-	242,872
Travel and subsistence	1,359,328	3,374	56,865	10,755	31,664	1,461,986
Debt Service	52,571	2,985	34,487	11,931	4,251	106,225
Total expenditures	23,063,387	2,499,711	14,475,527	10,762,081	9,110,399	59,911,105
Excess of appropriations and revenues over expenditures	2,601,558	114,152	2,717,239	2,507,334	1,174,384	9,114,667
Other Financing Sources (Uses)						
Operating transfers in (out)	(2,650,783)	(120,648)	(2,840,545)	(1,907,104)	(1,275,404)	(8,794,484)
Reversion of non-augmenting revenue			-	(650,517)	-	(650,517)
Reversion of cash/reappropriated funds appropriation	(90,000)		(21,497)		-	(111,497)
Other Financing Source - Lease Proceeds	58,360	-	35,237	-	-	93,597
Total other financing sources (uses)	(2,682,423)	(120,648)	(2,826,805)	(2,557,621)	(1,275,404)	(9,462,901)
Net change in fund balance	(80,865)	(6,496)	(109,566)	(50,287)	(101,020)	(348,234)
(Deficit) Fund Balance, beginning of year	(816,411)	(184,507)	(836,377)	(652,442)	(582,810)	(3,072,547)
(Deficit) Fund Balance, end of year	\$ (897,276)	\$ (191,003)	\$ (945,943)	\$ (702,729)	\$ (683,830)	\$ (3,420,781)

STATE OF COLORADO LEGISLATIVE DEPARTMENT

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

Year Ended June 30, 2022

	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	\$ 23,203,094	\$ 2,288,562	\$ 14,237,047	\$ 11,029,353	\$ 8,504,860	\$ 59,262,916
Cash Fund and Reappropriated Funds	90,000	-	391,000	1,040,239	-	1,521,239
Total appropriations	23,293,094	2,288,562	14,628,047	12,069,592	8,504,860	60,784,155
Revenues:						
Audit reimbursements	-	-	-	1,220,240	-	1,220,240
Total revenues	-	-	-	1,220,240	-	1,220,240
Total appropriations and revenues	23,293,094	2,288,562	14,628,047	13,289,832	8,504,860	62,004,395
Expenditures						
Compensation	14,327,861	2,270,441	10,319,120	8,697,354	7,266,441	42,881,217
Operating expenditures	4,102,993	41,143	842,161	257,372	168,881	5,412,550
Purchased services	1,118,536	350	1,298,087	1,980,574	212,915	4,610,462
Capital outlay	193,958	14,656	81,015	47,065	20,888	357,582
Travel and subsistence	1,384,902	5,502	29,125	6,622	12,613	1,438,764
Debt Service	46,508	1,990	25,742	6,960	2,480	83,680
Total expenditures	21,174,758	2,334,082	12,595,250	10,995,947	7,684,218	54,784,255
Excess of appropriations and revenues over expenditures	2,118,336	(45,520)	2,032,797	2,293,885	820,642	7,220,140
Other Financing Sources (Uses)						
Operating transfers in (out)	(2,184,099)	(914)	(2,165,266)	(1,074,740)	(895,655)	(6,320,674)
Reversion of non-augmenting revenue	-	-	-	(1,220,240)	-	(1,220,240)
Reversion of cash/reappropriated funds appropriation Other	(124,000)	-	(96,948)	-	-	(220,948)
Financing Source - Lease Proceeds	181,350	14,656	81,015	47,065	20,888	344,974
Total other financing sources (uses)	(2,126,749)	13,742	(2,181,199)	(2,247,915)	(874,767)	(7,416,888)
Net change in fund balance	(8,413)	(31,778)	(148,402)	45,970	(54,125)	(196,748)
(Deficit) Fund Balance, beginning of year	(807,998)	(152,729)	(687,975)	(698,412)	(528,685)	(2,875,799)
(Deficit) Fund Balance, end of year	\$ (816,411)	\$ (184,507)	\$ (836,377)	\$ (652,442)	\$ (582,810)	\$ (3,072,547)

STATE OF COLORADO LEGISLATIVE DEPARTMENT

COMBINING BALANCE SHEET – GENERAL FUND – COMMITTED

Year Ended June 30, 2023

	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	Youth Advisory Council Cash Fund	Legislative Department Cash Fund	Legislative Interim Committee on School Finance Fund	Total General Fund - Committed
ASSETS						
Cash	\$ 385,536	\$ 176,424	\$ 32,238	\$ 19,613,542	\$ 147,402	\$ 20,355,142
Prepaid Expenses			-	13,636	-	13,636
Total assets	\$ 385,536	\$ 176,424	\$ 32,238	\$ 19,627,178	\$ 147,402	\$ 20,368,778
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ 52,995	\$ -	\$ 52,995
Total liabilities	-	-	-	52,995	-	52,995
FUND BALANCES						
Non-Spendable, prepaids	-	-	-	13,636	-	13,636
Committed	385,536	176,424	32,238	19,560,547	147,402	20,302,147
Total fund balances	385,536	176,424	32,238	19,574,183	147,402	20,315,783
Total liabilities and fund balances	\$ 385,536	\$ 176,424	\$ 32,238	\$ 19,627,178	\$ 147,402	\$ 20,368,778

STATE OF COLORADO LEGISLATIVE DEPARTMENT

COMBINING BALANCE SHEET – GENERAL FUND – COMMITTED

Year Ended June 30, 2022

	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	Youth Advisory Council Cash Fund	Legislative Department Cash Fund	Legislative Interim Committee on School Finance Fund	Total General Fund - Committed
ASSETS						
Cash	\$ 40,222	\$ 175,224	\$ 16,233	\$ 16,867,575	\$ 147,402	\$ 17,246,656
Prepaid Expenses	1,200,000	-		33,392	-	\$ 1,233,392
Total assets	\$ 1,240,222	\$ 175,224	\$ 16,233	\$ 16,900,967	\$ 147,402	\$ 18,480,048
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 3,701	\$ 217,570	\$ -	\$ 221,271
Total liabilities	-	-	3,701	217,570	-	221,271
FUND BALANCES						
Non-Spendable, prepaids	1,200,000			33,392		1,233,392
Committed	40,222	175,224	12,532	16,650,005	147,402	17,025,385
Total fund balances	1,240,222	175,224	12,532	16,683,397	147,402	18,258,777
Total liabilities and fund balances	\$ 1,240,222	\$ 175,224	\$ 16,233	\$ 16,900,967	\$ 147,402	\$ 18,480,048

STATE OF COLORADO LEGISLATIVE DEPARTMENT

COMBINING SCHEDULE OF APPROPRIATIONS, REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND – COMMITTED
Year Ended June 30, 2023

	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	Youth Advisory Council Cash Fund	Legislative Department Cash Fund	Legislative Interim Committee on School Finance Fund	Total General Fund- Committed
Appropriations and Revenues						
Appropriations:						
Cash Fund and Reappropriated Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total appropriations	-	-	-	-	-	-
Revenues:						
Investment income	(26,876)	1,200	(2,104)	(133,969)		(161,749)
Miscellaneous revenue	-	-		21,258		21,258
Donations	-	-	-	111		111
Total revenues	(26,876)	1,200	(2,104)	(112,600)	-	(140,380)
Total appropriations and revenues	(26,876)	1,200	(2,104)	(112,600)	-	(140,380)
Expenditures						
Operating expenditures	3,299,510	-	3,559	531,696		3,834,765
Purchased services	28,300	-	24,631	2,626,446		2,679,377
Capital outlay	-	-		130,976		130,976
Debt Service	-	-	-	51,592		51,592
Total expenditures	3,327,810	-	28,190	3,340,710	-	6,696,710
Excess of appropriations and revenues over expenditures	(3,354,686)	1,200	(30,294)	(3,453,310)	-	(6,837,090)
Other Financing Sources						
Operating transfers in	2,500,000	-	50,000	6,213,120		8,763,120
Other Financing Source - Lease Proceeds				130,976		130,976
Total other financing sources	2,500,000	-	50,000	6,344,096	-	8,894,096
Net change in fund balance	(854,686)	1,200	19,706	2,890,786	-	2,057,006
Fund Balance, beginning of year	1,240,222	175,224	12,532	16,683,397	147,402	18,258,777
Fund Balance, end of year	\$ 385,536	\$ 176,424	\$ 32,238	\$ 19,574,183	\$ 147,402	\$ 20,315,783

STATE OF COLORADO LEGISLATIVE DEPARTMENT

**COMBINING SCHEDULE OF APPROPRIATIONS, REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND – COMMITTED
Year Ended June 30, 2022**

	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	Youth Advisory Council Cash Fund	Legislative Department Cash Fund	Legislative Interim Committee on School Finance Fund	Total General Fund - Committed
Appropriations and Revenues						
Appropriations:						
Cash Fund and Reappropriated Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total appropriations	-	-	-	-	-	-
Revenues:						
Investment income	10,133	(8,408)	(959)	(852,488)	-	(851,722)
Miscellaneous revenue	-	-	-	4,012	-	4,012
Donations	-	-	-	179	-	179
Total revenues	10,133	(8,408)	(959)	(848,297)	-	(847,531)
Total appropriations and revenues	10,133	(8,408)	(959)	(848,297)	-	(847,531)
Expenditures						
Compensation	-	-	-	887,176	-	887,176
Operating expenditures	1,607,089	94	5,572	961,954	-	2,574,709
Purchased services	5,100	-	19,006	830,989	-	855,095
Capital outlay	-	-	-	943,998	-	943,998
Travel and subsistence	-	-	361	66,587	-	66,948
Total expenditures	1,612,189	94	24,939	3,690,704	-	5,327,926
Excess of appropriations and revenues over expenditures	(1,602,056)	(8,502)	(25,898)	(4,539,001)	-	(6,175,457)

STATE OF COLORADO LEGISLATIVE DEPARTMENT

**COMBINING SCHEDULE OF APPROPRIATIONS, REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND – COMMITTED
Year Ended June 30, 2022**

Other Financing Sources						
Operating transfers in	1,600,000	-	25,000	4,695,674	-	6,320,674
Total other financing sources	1,600,000	-	25,000	4,695,674	-	6,320,674
Net change in fund balance	(2,056)	(8,502)	(898)	156,673	-	145,217
Fund Balance, beginning of year	1,242,278	183,726	13,430	16,526,724	147,402	18,113,560
Fund Balance, end of year	\$ 1,240,222	\$ 175,224	\$ 12,532	\$ 16,683,397	\$ 147,402	\$ 18,258,777

**Independent Auditors' Report On Internal
Control Over Financial Reporting And On
Compliance And Other Matters Based On An
Audit Of Financial Statements Performed In
Accordance With *Government Auditing Standards***

Members of the Legislative Audit Committee
State of Colorado Legislative Department
Denver, Colorado

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 the General Fund of the Legislative Department (the Department) of the State of Colorado (the State), as of June 30, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2024.

Report On Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. 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 Department'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 or significant deficiencies may exist that were not identified.

Report On 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 financial statements. 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*.

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 Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

January 8, 2024

Members of the Legislative Audit Committee
State of Colorado Legislative Department
Denver, Colorado

We have audited the financial statements of the General Fund of the Legislative Department (the Department) of the State of Colorado (the State), as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon dated January 8, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States, as well as certain information related to the planned scope and timing of our audit. Such information is described in the Office of the State Auditor's arrangement letters dated May 9, 2023 and May 25, 2022. Professional standards also require that we communicate to you the following information related to our audits.

Qualitative Aspects Of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 2 to the financial statements. During the years ended June 30, 2023 and 2022, the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and Statement No. 96, *Software Based Information Technology Arrangements*, respectively, were adopted. No other new accounting policies were adopted, and the application of existing policies was not changed during the years ended June 30, 2023 and 2022. We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred. There are no instances where we consider a significant accounting practice that is acceptable under the applicable financial reporting framework not to be most appropriate to the particular circumstances of the Department.

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures that were brought to the attention of management.

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 financial statements, including disclosures, were:

- Depreciation and amortization of capital assets
- Net pension liabilities and related balances in continuing compliance with the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*
- Net other postemployment benefits liabilities and related balances in continuing compliance with the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- The Department's estimated incremental borrowing rate and the predicted exercise of any option periods related to leases of which the Department is party to, as analyzed under GASB Statement No. 87, *Leases*, and No. 96, *Software Based Information Technology Arrangements*

We evaluated the key factors and assumptions used to develop the aforementioned estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures to the financial statements are neutral, consistent and clear. Certain financial statement disclosures can be particularly sensitive because of their significance to the users of the financial statements. The most sensitive disclosures affecting the financial statements are:

- Note 8 - Leases and SBITAs
- Note 11 - Defined Benefit Pension Plan
- Note 13 - Defined Benefit Other Postemployment Benefit (OPEB) Plan
- Note 14 - Risk Management

Circumstances That Affect The Form And Content Of The Auditors' Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' report.

There were no circumstances that caused us to modify our auditors' report.

Matters Resulting In Consultation Outside The Engagement Team

There were no significant matters which resulted in consultation outside of our engagement team.

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 misstatements identified during the audits, other than those that are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We accumulated uncorrected misstatements (including the current-year effect of prior periods' uncorrected misstatements for the year ended June 30, 2022), which in the aggregate decreased the beginning net position as of July 1, 2021 by approximately \$85,000, that management has determined are not material, both individually and in the aggregate, to the financial statements taken as a whole. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any corrected misstatements during our audit of the financial statements.

Disagreements With Management

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

Management Representations

We have requested certain representations from management that are included in the signed management representation letter for the years under audit.

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 an entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

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

This information is intended solely for the information and use of the Members of the Legislative Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.

RubinBrown LLP

January 8, 2024