STATE OF COLORADO

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November 4, 1999

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited, in accordance with generally accepted auditing standards, the financial statements of the State of Colorado for the year ended June 30, 1999, and issued our report thereon dated November 4, 1999. We have also audited the *Schedule of Computations Required Under Article X, Section 20,* as of June 30, 1999. This schedule is the responsibility of the State Controller's Office. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of the schedule in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the *Schedule of Computations Required Under Article X, Section 20* is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

Our auditing procedures also included reconciling amounts contained in this report to the State's Comprehensive Annual Financial Report for the year ended June 30, 1999, and testing for irreconcilable conflicts between the State's financial statements and the provisions of TABOR. Additional procedures consisted of evaluating the State of Colorado's compliance with constitutional and statutory provisions of TABOR. Our audit does not provide a legal determination of the State's compliance with specified requirements.

The accompanying *Schedule of Computations Required Under Article X, Section 20* was prepared by the State Controller's Office, pursuant to Section 24-77-106.5, C.R.S., which requires a financial report ascertaining compliance with state fiscal policies relating to Article X, Section 20 of the State Constitution (TABOR). Article 77 further requires the financial report to be prepared in conformity with generally accepted accounting principles unless an irreconcilable conflict exists between generally accepted accounting principles and TABOR, in which case the provisions of said constitutional provision shall control.

In our opinion, the accompanying *of Computations Required Under Article X, Section 20* presents fairly, in all material respects, the revenue, expenditures, changes in reserves, and spending limitation as determined under Article X, Section 20 of the State Constitution for the years ended June 30, 1999, in conformity with generally accepted accounting principles.

J. David Barba