

REPORT HIGHLIGHTS



SCHEDULE OF TABOR REVENUE PERFORMANCE AUDIT, SEPTEMBER 2015

OFFICE OF STATE CONTROLLER

CONCERN

We were unable to meet our audit objectives related to the Schedule of TABOR Revenue because of a lack of reliable and valid data.

KEY FACTS AND FINDINGS

- We identified issues affecting the preparation of the TABOR Financial Report and the related certification provided by the Office of the State Controller (OSC).
- The TABOR Financial Report was based on information prior to closing the financial accounting records for Fiscal Year 2015 because the records were not closed within 35 days following the end of the fiscal year as required by state statutes. As a result, we were unable to obtain sufficient, appropriate evidence to conclude on our stated audit objectives by our statutorily required September 15, 2015 audit completion date.
- Following the agency TABOR revenue entry cutoff date of August 4 and through August 28, 2015, approximately 700 transactions totaling \$13 million were entered into the State's accounting system increasing TABOR revenue.
- Subsequent to August 28—the date the OSC obtained information for the TABOR Financial Report and certification of TABOR revenue—and through September 15, 2015, approximately 700 additional adjustments totaling \$1.8 million were entered into the State's accounting system decreasing TABOR revenue.
- The OSC made adjustments totaling \$9.1 million to the Fiscal Year 2014 TABOR spending limit to reflect the impact of a change in budgetary reporting made by the OSC in Fiscal Year 2015. Neither the constitutional provisions of TABOR nor state law address how changes in budgetary reporting methodology should impact prior and current year state fiscal year spending (or spending limits) and presented on the TABOR Financial Report.

KEY RECOMMENDATIONS

The Office of the State Controller Should:

- Close accounting periods in a timely manner and in accordance with state statutes.
- Work with the General Assembly to create a consistent methodology that addresses changes in budgetary reporting that affect TABOR revenue.

The Office agreed with these recommendations.

BACKGROUND

Schedule of TABOR Revenue:

- The Taxpayer's Bill of Rights (TABOR) was added to the Colorado Constitution in the November 1992 general election.
- TABOR limits are increased based on the annual inflation rate plus the percentage change in Colorado's population growth rate.
- The TABOR Financial Report is prepared in accordance with generally accepted accounting principles, except where there is a conflict with the provisions of TABOR law.
- The OSC is required to certify TABOR revenue to the Governor, General Assembly, and the Executive Director of the Department of Revenue no later than September 1, 2015.
- The Office of the State Auditor is required to audit the TABOR Financial Report by September 15, 2015.
- The State implemented a new accounting system, the Colorado Operations Resource Engine (CORE), beginning in Fiscal Year 2015.