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### **Seven State Departments Have \$48.5 Million in Excess Cash Reserves**

DENVER—A new performance audit by the Office of the State Auditor (OSA) has identified seven state departments with about \$48.5 million in cash reserves that exceeded legal limits, as of June 30, 2023. Statute limits how much money state departments can keep in certain cash funds at the end of each fiscal year.

In its annual Cash Funds Uncommitted Reserves performance audit for the Fiscal Year Ended June 30, 2023, the OSA found that the amount of total excess uncommitted cash reserves increased by about \$32 million from the prior year.

The seven departments with excess uncommitted reserves included: Department of Early Childhood, Office of the Governor, Judicial Department, Department of Local Affairs, Department of Public Health and Environment, Department of Regulatory Agencies, and Department of Revenue. The excess reserves were held in 18 separate cash funds.

“Since cash fund fees are considered part of TABOR revenue, excess cash reserves contribute to the State potentially exceeding TABOR limits in a given year,” said Gina Faulkner, Audit Supervisor. For Fiscal Year 2023, the State was over the TABOR excess revenues cap by \$3.6 billion, according to a September 1 letter from the Office of the State Controller (OSC).

The Department of Public Health and Environment had two cash funds with excess uncommitted reserves for 3 consecutive years or more. As a result, the OSC restricted the Department’s spending authority in Fiscal Years 2022 and 2023 for the Medical Marijuana Cash Fund, which has been out of compliance for 5 consecutive years, and will continue to restrict how much the Department can spend from that fund in Fiscal Year 2024. Further, the OSC will restrict the Department’s spending

authority for the Vital Records Cash Fund in Fiscal Year 2024 since that fund has been out of compliance for 3 consecutive years. State law requires this action until the excess uncommitted reserves are eliminated.

The audit makes 18 recommendations for the affected departments to address their excess uncommitted reserves.

The full report is available @ [www.colorado.gov/auditor](http://www.colorado.gov/auditor).

### **About the Office of the State Auditor**

Under the direction of the State Auditor, the OSA's nonpartisan, professional staff promote government accountability by conducting independent performance, financial, and IT audits and evaluations of state agencies, departments, and institutions of higher education; conducting independent evaluations of the State's tax expenditures (e.g., credits, exemptions, deductions); tracking about 4,000 Colorado local governments for compliance with the Local Government Audit Law; and operating a statewide fraud reporting hotline.

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