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70 COLORADO SCHOOL DISTRICTS MISS FINANCIAL BENCHMARKS

DENVER— the Colorado Office of the State Auditor (OSA) has released its annual fiscal health analysis of Colorado School Districts identifying 70 out of Colorado's 178 school districts that have missed at least one financial benchmark out of the five financial indicators the OSA analyzes. This is down from 76 school districts identified last year. Of the districts identified this year, 28 were found to be at a higher risk due to missing two or more financial benchmarks. Specifically, 23 missed two financial benchmarks, four school districts missed three benchmarks, and one school district—Pueblo County Rural—missed four of the five financial benchmarks. These indicators warn of potential higher risk of financial stress and missing them may require examination and remedial action by the districts and their respective boards.

To conduct the fiscal health analysis, the OSA analyzes five financial ratios, using data obtained from the districts' audited financial statements, over the most current three-year period, in this case July 1, 2012, through June 30, 2014, to identify trends in school districts' financial health.

Among the 28 school districts identified as being at a higher risk for financial stress, the most commonly triggered indicator was the operating margin ratio which identifies when a district may be spending down fund balance to supplement operations. The other most commonly triggered indicator was the change in general fund balance from previous to current years, which identifies when a school district's general fund has reached its lowest point in a 4-year period.

All 28 school districts missing two or more benchmarks provided the OSA with explanations for the trends. Twenty school districts reported that they have experienced the effects of the reductions in state school finance funding while nine school districts indicated that they have experienced increases in

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the cost of maintenance, repairs, and construction in order to maintain or improve facilities. In addition, several school districts reported various internal circumstances that affected their financial health, while others reported higher costs of salaries and benefits and a general sluggish economy.

The 28 school districts that missed two or more financial benchmarks this year were: Westminster 50 B-1 (Adams County); Alamosa RE-11J B-3 (Alamosa County); Byers 32J B-5 & Englewood 1 B-7 (Arapahoe County); Pritchett RE-3 B-9 & Springfield RE-4 (Baca County); North Conejos RE-1J B-13 & South Conejos RE-10 B-15 (Conejos County); Sierra Grande R-30 B-17 (Costilla County); Hanover 28 B-19, Manitou Springs 14 B-21 & Widefield 3 B-23 (El Paso County); Big Sandy 100J B-25 (Elbert County); East Grand 2 B-27 (Grand County); Durango 9-R B-29 (La Plata County); Karval RE-23 B-31 (Lincoln County); Frenchman RE-3 B-33 (Logan County); Creede B-35 (Mineral County); Moffat County RE1 B-37 (Moffat County); Brush RE-2(J) B-39 (Morgan County); East Otero R-1 B-42 (Otero County); Ridgway R-2 B-43 (Ouray County); Pueblo County Rural 70 B-45 (Pueblo County); Hayden RE-1 B-49 (Routt County); Silverton 1 B-51 (San Juan County); Arickaree R-2 B-53 (Washington County); Keenesburg RE-3J & Pawnee RE-12 (Weld County).

Representatives from the five school districts at highest risk of financial stress have been invited to speak before the Legislative Audit Committee on June 2, 2015: Pueblo County Rural 70 (Pueblo County), Westminster 50 (Adams County), Alamosa RE-11J (Alamosa County), Englewood 1 (Arapahoe County), and Silverton 1 (San Juan County).

The Colorado Department of Education considers the OSA's annual Fiscal Health Analysis of Colorado School Districts report when assessing school districts as part of its accreditation process.

The full report is available electronically on the OSA's website, <http://www.leg.state.co.us/OSA/coauditor1.nsf/Home?openform>, via the link called "OSA Audit Reports."

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic

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financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.