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### **State Audit Finds 11 State Agencies Have \$25 Million in Excess Cash Reserves**

DENVER—A new performance audit by the Office of the State Auditor (OSA) has identified eleven state agencies with about \$25.4 million in uncommitted cash reserves that exceeded legal limits, as of June 30, 2024. Statute limits how much money state agencies can keep in certain cash funds at the end of each fiscal year.

The audit found that, overall, state agencies have reduced excess uncommitted reserves in recent years. For example, the amount of excess cash reserves in 2024 decreased by about \$23 million compared to the reserves held in 2023.

The 11 state agencies with excess uncommitted reserves are the Departments of Agriculture, Higher Education, Human Services, Labor and Employment, Law, Local Affairs, Military and Veterans Affairs, Public Health and Environment, Regulatory Agencies, and Revenue, and the Office of the Governor. The excess reserves were held in 19 separate cash funds.

“Since the fees that agencies collect into cash funds are considered part of TABOR revenue, excess cash reserves contribute to the State potentially exceeding TABOR limits in a given year,” said Lillian Adams, Audit Supervisor. For Fiscal Year 2024, the State was over the TABOR excess revenues cap by \$1.4 billion, according to an August 31 letter from the Office of the State Controller (OSC).

Two departments’ cash funds have had excess uncommitted reserves for 3 or more consecutive years—the Department of Local Affairs’ Private Activity Bond Allocation Fund and its Mobile Home Park Act Dispute Resolution and Enforcement Fund, and the Department Public Health and

Environment's Vital Records Fund. As a result, the OSC has restricted these two departments' spending authority for these funds. State law requires this action until the excess uncommitted reserves are eliminated.

The OSA's audit made 19 recommendations to the affected state agencies 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 State Auditor Kerri L. Hunter, the OSA's nonpartisan, professional staff promote government accountability by conducting independent performance, financial, and IT audits and evaluations of State departments, agencies, institutions of higher education, special purpose authorities, and tax expenditures (e.g., credits, exemptions, deductions). The OSA also tracks over 5,000 Colorado local governments for compliance with the Local Government Audit Law, and operates a statewide fraud reporting hotline.

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