



FOR IMMEDIATE RELEASE
March 10, 2015

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21 CASH FUNDS EXCEED STATUTORY LIMITS BY \$22.5 MILLION

DENVER—The Colorado Office of the State Auditor (OSA), in its annual audit of state cash funds, has found that eight state departments had cash funds with a total of \$22.5 million in excess uncommitted cash reserves as of June 30, 2014. The excesses were reported in 21 cash funds across the state. This is a decrease of \$3.1 million from last year when 12 departments across 34 cash funds had a total of \$25.6 million in excess uncommitted cash reserves.

In 1998, in an effort to ensure compliance with Article X, Section 20 of the Colorado Constitution, commonly called the Taxpayer's Bill of Rights (TABOR), the General Assembly passed Senate Bill 98-194 to limit the amount of reserves state agencies can maintain in "cash funds." These funds are established by law for a specific program or purpose, not including the State's General Fund and any federal funds. The statutory limit amounts to about a 2-month spending reserve, unless otherwise specified in state law. If a particular fund's uncommitted reserve balance exceeds the applicable statutory limit, the agency responsible for the fund is required to spend down the excess or reduce fees accordingly.

Auditors found that eight cash funds have been out of compliance with the excess uncommitted cash reserves limit for 5 or more consecutive years. Two of the eight funds have been out of compliance for over a decade. One cash fund has been out of compliance with the excess uncommitted cash reserves limit for the past 3 years. The total reserve balances for the nine cash funds that have been out of compliance for 3 or more years increased from \$17.5 million in Fiscal Year 2012 to \$20.8 million in Fiscal Year 2014. In addition, those funds generated \$27.8 million in fees, contributing to TABOR revenue in Fiscal Year 2014.

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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." In accordance with state statute, the Legislative Audit Committee released the audit by a majority vote during a public hearing.

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 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.