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State Auditor's Report Provides Analysis of Colorado School Districts' Fiscal Health

DENVER—The Office of the State Auditor (OSA) has released its annual fiscal health analysis of Colorado's 178 school districts. In this year's analysis, the OSA found that 17 districts missed one or more financial benchmarks—six districts missed two benchmarks, and 11 districts missed one benchmark. The OSA calculates a set of six financial ratios and associated benchmarks based on the most current rolling 3-year period for which school districts' audited financial statements are available. This year's report relies on audited financial data for Fiscal Years 2019, 2020, and 2021.

“Missed benchmarks can warn of financial stress requiring further review and action by school district administrators and the Department of Education,” said Crystal Dorsey, Audit Manager. The OSA's analysis showed that the two most commonly missed ratios were the Operating Margin Ratio, which identifies a decline in a school district's reserves over a 3-year period, and the Debt Burden Ratio, which may indicate that a district has insufficient revenue in its funds paying debt service to make the annual debt payments and must use fund balance to make up the difference.

The OSA's report contains the calculated financial ratios for all school districts for each year in the analysis, as well as additional information and explanation from the six school districts that missed two benchmarks. For example, four of the districts reported that they had spent down their fund balances to help address student needs, staff retention, safety and technology upgrades, and building maintenance.

The full report is available @ 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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