



OFFICE OF THE STATE AUDITOR

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Analysis Provides a Valuable Snapshot 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 and found that 20 districts missed one or more financial benchmarks, down 12 districts from last year's analysis. Five districts missed two benchmarks, up one district from last year's analysis, and 15 districts missed one benchmark, down 13 districts from last year's analysis.

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—Fiscal Years Ended June 30, 2018, 2019, and 2020. “We hope that school district administrators and the Department of Education use this analysis as a proactive tool, since missed benchmarks can warn of financial stress requiring further review and action,” said Crystal Dorsey, Audit Manager. “For example, one of the ratios indicates whether the district has enough revenue to cover its debt service payments, and another ratio indicates whether there has been an increase or decrease to the reserves in the district’s general fund.”

The OSA’s analysis showed that the two most commonly missed ratios were the Operating Margin Ratio, which identifies 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 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, as well as additional information and explanation from the five school districts that missed two benchmarks this year.

Although the period analyzed includes school districts’ audited financial data through June 30, 2020, the full effects of the COVID-19 pandemic likely will not be seen in the financial ratios until Fiscal Year 2021 and beyond.

The full report is available @ www.colorado.gov/auditor.

About the Office of the State Auditor (OSA)

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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