



**DATE:** NOVEMBER 18, 2015  
**TO:** HIGH PERFORMANCE TRANSPORTATION ENTERPRISE BOARD OF DIRECTORS  
**FROM:** PIPER FRODE, ENTERPRISES BUDGET ANALYST  
**SUBJECT:** HPTE PROGRAM BUDGET RECONCILIATION

Purpose

This memorandum provides information to the Board regarding a program level budget reconciliation of Fund 536 and Fund 537. The reconciliation is an effort to ensure that the HPTE budget is correct in our system of record, SAP and provide transparency to the Board.

Action

The purpose of this memo is informational only.

Background

In October, HPTE staff committed to bringing a final report on the program level budget reconciliation as well as finalized FY 2014-15 roll forward amount for both Fund 536 and Fund 537. The reconciliation was completed by an outside consultant at the request of the current CDOT Chief Financial Officer and examined both Fund 537 and 536 in light of discrepancies that were discovered in prior year roll forward amounts that were previously reported to the Board.

Details:

Over the course of several months our consultant tasked with the project met with staff from both the Office of Financial Management and Budget (OFMB) within the Division of Accounting and Finance (DAF) to understand current issues with the annual budget process as well as current policies and procedures. They reviewed all pertinent material including HPTE Board minutes, annual audit reports, budget versus actual reports, state fiscal procedures. They also obtained HPTE budgets for fiscal years 2010 through 2015 and SAP detail transaction reports and trial balances with actual revenue same expenses for those same periods to complete a reconciliation by fiscal year for both Fund 536 and 537. Table 1 below summarizes the reconciliation by comparing the roll forward as it is currently reported for FY 2015-16 to what it should be.

Table 1: Comparison of Calculated Carry Forward

Fund	Currently Estimated Roll Forward	Corrected Roll Forward Amount	Difference
536	\$ 786,804	\$ 702,161	(\$84,643)
537	\$ 280,278	\$ 2,166,899	\$ 1,866,621

The difference in the estimated roll forward amount versus the corrected roll forward amount for Fund 536 is a result of some revenues and expenses related to projects being treated incorrectly in prior annual budgets. The difference between the estimated roll forward amounts versus the corrected roll forward amount for Fund 537 is due to timing differences. The estimated roll forward balance of \$786,804 was determined in April, which was several months before the end of the fiscal year which occurs at the end of June. Through the year end accruals and reconciliation process, Fund 537 simply incurred more expenses than originally estimated, reducing the amount of available budget to roll forward.

Important to note that the completion of this program level budget reconciliation considered audited HPTE financial information. The results of this budget reconciliation in no way affects or connected to current HPTE's audit history.

Next Steps:

Based on the results of the reconciliation HPTE staff will be pursuing the following next steps.

- HPTE staff will analyze the budgetary impacts of the adjustments to the current fiscal year roll forward and evaluate the potential for budget impact for Funds 536 and 537 and will report back to the Board with any resulting budget supplements.
- HPTE staff will work with OFMB to complete a review of all cost centers for Fund 536 and Fund 537 to make sure that they are updated to reflect the verified roll forward amounts and current budget.
- Staff will no longer be considering an estimated roll forward amount when working on the upcoming Fiscal Year budget. Only projected revenues for will be considered when determining the total amount revenue available to allocation for specific cost center expenses for the upcoming year.
- As outlined in the new annual budget timeline memo, staff will be bringing information regarding roll forward balances in the October of each Fiscal Year following the reconciliation of prior fiscal year revenues. Staff will then report an accurate roll forward amount which will be treated as a contingency or miscellaneous line item. While at this time, the roll forward amount can be reported with a high degree of confidence, the amount will still be considered unaudited until the annual financial statements are released. If there are any changes to the roll forward amount due to the annual audit, staff will present the changes to the Board at that time.
- HPTE budget and accounting staff will also work on creating a separate presentation of project specific and cost center budgets and actuals in order to break out these costs for clearly.