

CHAPTER 229

GOVERNMENT - STATE

HOUSE BILL 98-1414

BY REPRESENTATIVES Grampas, Owen, and Romero;
also SENATORS Lacy, Blickensderfer, and Rizzuto.

AN ACT

CONCERNING THE PREPARATION OF FINANCIAL STATEMENTS OF STATE GOVERNMENT AS THEY RELATE
TO THE CONSTITUTIONAL LIMITATION ON STATE FISCAL YEAR SPENDING.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 24-77-101 (2), Colorado Revised Statutes, is amended, and the said 24-77-101 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

24-77-101. Legislative declaration. (2) The general assembly further finds and declares that:

(a) The adoption of section 20 of article X imposes a limit on state fiscal year spending and the provisions of this article were enacted to facilitate compliance with the state fiscal year spending limit;

(b) This article reflects the judgment of the general assembly regarding the meaning and implementation of section 20 of article X of the state constitution as it relates to state government;

(c) The provisions of this article should not be construed to substitute for generally accepted accounting principles which are applicable to financial documents and reports of state government;

(d) The purpose of preparing figures in accordance with this article, to ensure compliance with the state fiscal year spending limit, may differ from the purpose of preparing financial statements of the state, to determine the financial condition of the state;

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(e) The financial statements of the state prepared by the state controller shall be prepared, insofar as possible, in conformity with generally accepted accounting principles; and

(f) The financial report required by this article shall be prepared in conformity with generally accepted accounting principles UNLESS OTHERWISE PROVIDED BY LAW OR unless an irreconcilable conflict exists between generally accepted accounting principles and the provisions of section 20 of article X in which case the provisions of said constitutional provision shall control.

(3) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT:

(a) WHEN REVENUES EXCEED THE STATE FISCAL YEAR SPENDING LIMITATION FOR ANY GIVEN FISCAL YEAR, SECTION 20 (7) (d) OF ARTICLE X OF THE STATE CONSTITUTION REQUIRES THAT THE EXCESS REVENUES BE REFUNDED IN THE NEXT FISCAL YEAR UNLESS VOTERS APPROVE A REVENUE CHANGE ALLOWING THE STATE TO RETAIN THE REVENUES;

(b) IT IS THE DUTY AND INTENT OF THE GENERAL ASSEMBLY TO COMPLY WITH THE CONSTITUTIONAL REQUIREMENT TO REFUND STATE EXCESS REVENUES;

(c) IT IS WITHIN THE LEGISLATIVE PREROGATIVE TO FACILITATE COMPLIANCE WITH THE CONSTITUTIONAL REQUIREMENT TO REFUND STATE EXCESS REVENUES AND LEGISLATION RELATING TO THE REFUNDING OF SUCH EXCESS REVENUES IS A REASONABLE AND NECESSARY EXERCISE OF THE LEGISLATIVE PREROGATIVE; AND

(d) STATE EXCESS REVENUES THAT ARE CARRIED FORWARD FROM THE FISCAL YEAR IN WHICH THEY ACCRUED SHALL BE REFUNDED IN THE NEXT FISCAL YEAR AND SHALL NOT BE AVAILABLE FOR ANY OTHER GOVERNMENTAL PURPOSE UNLESS VOTERS HAVE AUTHORIZED THE STATE TO RETAIN SUCH REVENUES.

SECTION 2. 24-77-106.5, Colorado Revised Statutes, is amended to read:

24-77-106.5. Annual financial report. (1) For each fiscal year, the controller shall prepare a financial report for the state for purposes of ascertaining compliance with the provisions of this article. Any financial report prepared pursuant to this section shall include, but shall not be limited to, state fiscal year spending, reserves, revenues, and debt. Such financial report shall be audited by the state auditor.

(2) NOTWITHSTANDING ANY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO THE CONTRARY, FINANCIAL REPORTS PREPARED PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL NOT INCLUDE ANY UNREALIZED GAINS OR LOSSES ON INVESTMENTS HELD BY THE STATE.

SECTION 3. 24-75-201, Colorado Revised Statutes, is amended to read:

24-75-201. General fund - general fund surplus. (1) There is hereby created and established the general fund, to which shall be credited and paid all revenues and moneys not required by the state constitution or the provisions of any law to be credited and paid into a special fund. The surplus fund created before June 30, 1971, is hereby merged into the general fund. Any unrestricted balance remaining in the

general fund at the end of any fiscal year shall be designated as the general fund surplus.

(2) THE GENERAL FUND SURPLUS SHALL BE DETERMINED BASED UPON THE ACCRUAL SYSTEM OF ACCOUNTING, AS ENUNCIATED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD; EXCEPT THAT ANY GENERAL FUND REVENUES THAT ARE DESIGNATED AS STATE REVENUES IN EXCESS OF THE CONSTITUTIONAL LIMITATION ON STATE FISCAL YEAR SPENDING SHALL BE INCLUDED AS UNRESTRICTED REVENUES IN THE GENERAL FUND SURPLUS FOR THE FISCAL YEAR IN WHICH SUCH EXCESS REVENUES WERE ACCRUED. SUCH EXCESS REVENUES SHALL BE RESTRICTED IN THE NEXT FISCAL YEAR TO PRESERVE THEIR AVAILABILITY FOR REFUND UNLESS VOTERS HAVE AUTHORIZED THE STATE TO RETAIN SUCH EXCESS REVENUES.

SECTION 4. The introductory portion to 24-30-202 (12), Colorado Revised Statutes, is amended to read:

24-30-202. Procedures - vouchers and warrants - rules - penalties. (12) The controller shall prescribe and cause to be installed a unified and integrated system of accounts for the state. EXCEPT AS OTHERWISE PROVIDED IN SECTION 24-75-201 (2), such system shall be based upon the accrual system of accounting, as enunciated by the governmental accounting standards board, which shall include:

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 26, 1998