

CHAPTER 165

EDUCATION - PUBLIC SCHOOLS

SENATE BILL 03-149

BY SENATOR(S) Arnold;
also REPRESENTATIVE(S) Spence and Stafford.**AN ACT****CONCERNING PRACTICES RELATING TO SCHOOL DISTRICTS' BUDGETS.***Be it enacted by the General Assembly of the State of Colorado:*

SECTION 1. The introductory portion to 22-44-105 (1), Colorado Revised Statutes, is amended, and the said 22-44-105 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

22-44-105. Budget - contents - mandatory. (1) The budget shall be presented in the format established by the state board of education by rule ~~and regulation~~ and shall adhere to the following guidelines:

(c.5) THE BUDGET SHALL ENSURE THAT THE SCHOOL DISTRICT HOLDS UNRESTRICTED GENERAL FUND OR CASH FUND EMERGENCY RESERVES IN THE AMOUNT REQUIRED UNDER THE PROVISIONS OF SECTION 20 (5) OF ARTICLE X OF THE STATE CONSTITUTION.

SECTION 2. 22-44-105, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-44-105. Budget - contents - mandatory. (1.5) (a) A BUDGET ADOPTED PURSUANT TO THIS ARTICLE SHALL NOT PROVIDE FOR EXPENDITURES, INTERFUND TRANSFERS, OR RESERVES, IN EXCESS OF AVAILABLE REVENUES AND BEGINNING FUND BALANCES. IF THE BUDGET INCLUDES THE USE OF A BEGINNING FUND BALANCE, THE SCHOOL DISTRICT BOARD OF EDUCATION SHALL ADOPT A RESOLUTION SPECIFICALLY AUTHORIZING THE USE OF A PORTION OF THE BEGINNING FUND BALANCE IN THE SCHOOL DISTRICT'S BUDGET. THE RESOLUTION, AT A MINIMUM, SHALL SPECIFY THE AMOUNT OF THE BEGINNING FUND BALANCE TO BE SPENT UNDER THE SCHOOL DISTRICT BUDGET, STATE THE PURPOSE FOR WHICH THE EXPENDITURE IS NEEDED, AND

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

STATE THE SCHOOL DISTRICT'S PLAN TO ENSURE THAT THE USE OF THE BEGINNING FUND BALANCE WILL NOT LEAD TO AN ONGOING DEFICIT.

(b) EACH SCHOOL DISTRICT SHALL ANNUALLY PREPARE AN ITEMIZED RECONCILIATION BETWEEN THE FISCAL YEAR END FUND BALANCES BASED ON THE BUDGETARY BASIS OF ACCOUNTING USED BY THE SCHOOL DISTRICT AND THE FISCAL YEAR END FUND BALANCES BASED ON THE MODIFIED ACCRUAL BASIS OF ACCOUNTING. THE RECONCILIATION SHALL INCLUDE, BUT NEED NOT BE LIMITED TO, THE LIABILITY FOR ACCRUED SALARIES AND RELATED BENEFITS. THE RECONCILIATION SHALL BE INCLUDED WITH THE FINAL VERSION OF THE AMENDED BUDGET AND THE ANNUAL AUDITED FINANCIAL STATEMENTS.

SECTION 3. 22-44-103 (1), Colorado Revised Statutes, is amended to read:

22-44-103. Budget and appropriation - required. (1) The board of education of each school district shall adopt a budget and an appropriation resolution for each fiscal year, prior to the beginning of the fiscal year. THE BOARD SHALL ENSURE THAT THE DISTRICT USES THE FULL ACCRUAL BASIS OF ACCOUNTING WHEN BUDGETING AND ACCOUNTING FOR ANY ENTERPRISE FUNDS INCLUDED IN THE DISTRICT BUDGET.

SECTION 4. 22-45-102 (1), Colorado Revised Statutes, is amended to read:

22-45-102. Accounts. (1) (a) EACH SCHOOL DISTRICT SHALL USE THE FULL ACCRUAL BASIS OF ACCOUNTING WHEN BUDGETING AND ACCOUNTING FOR ANY ENTERPRISE FUNDS INCLUDED IN THE DISTRICT BUDGET. The board of education of each school district shall cause financial records to be kept in accordance with generally accepted principles of governmental accounting. The financial transactions of the school district shall be recorded in general, appropriation, revenue, and expenditure records. Appropriate entries from the adopted budget shall be made in the records for the respective funds. Separate accounts shall be maintained for each of the several funds prescribed by this article. Continuing balances of the various budgetary accounts shall be maintained on at least a monthly basis.

(b) The board of education of each school district shall review the financial condition of said school district ~~from time to time~~ AT LEAST QUARTERLY during the fiscal year. ~~and may~~ THE BOARD SHALL require the secretary, treasurer, or any employee who has duties which relate to the fiscal affairs of said school district to submit a financial report covering ~~his~~ THE fiscal actions ~~from time to time as deemed appropriate by said board~~ INVOLVING THE GENERAL FUND, AND OTHER FUNDS THAT THE BOARD MAY REQUEST, AT LEAST QUARTERLY. AT A MINIMUM, THE REPORT SHALL INCLUDE:

(I) THE ACTUAL AMOUNTS SPENT AND RECEIVED AS OF THE DATE OF THE REPORT FROM EACH OF THE SEVERAL FUNDS BUDGETED BY THE DISTRICT FOR THE FISCAL YEAR, EXPRESSED AS DOLLAR AMOUNTS AND AS PERCENTAGES OF THE ANNUAL BUDGET;

(II) THE ACTUAL AMOUNTS SPENT AND RECEIVED FOR EACH FUND FOR THE SAME PERIOD IN THE PRECEDING FISCAL YEAR, EXPRESSED AS DOLLAR AMOUNTS AND AS PERCENTAGES OF THE ANNUAL BUDGET;

(III) THE EXPECTED YEAR-END FUND BALANCES, EXPRESSED AS DOLLAR AMOUNTS AND AS PERCENTAGES OF THE ANNUAL BUDGET; AND

(IV) A COMPARISON OF THE EXPECTED YEAR-END FUND BALANCES WITH THE AMOUNT BUDGETED FOR THAT FISCAL YEAR.

SECTION 5. 22-44-113 (1), Colorado Revised Statutes, is amended, and the said 22-44-113 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

22-44-113. Borrowing from funds. (1) ~~Notwithstanding the provisions of section 22-44-112,~~ A board of education may borrow unencumbered moneys from any one fund, except the bond redemption fund, for the use of another fund at any time. All moneys borrowed from a fund pursuant to this subsection (1) shall be repaid to said fund when needed to meet the obligations of said fund, and all revenues credited to the borrowing fund shall be used first to repay the loan. Any such loan shall be repaid not later than three months after the beginning of the following budget year. In the event moneys are not forthcoming from designated sources, an amount equal to the outstanding liability shall be expended from the general fund and used to repay the loan. Such amount from the general fund shall be recorded as revenue in the receiving fund.

(3) THE PROVISIONS OF THIS SECTION SHALL APPLY TO ALL FUNDS CREATED BY LAW OR REGULATION OR BY ACTION OF A SCHOOL DISTRICT.

SECTION 6. 22-45-103, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-45-103. Funds. (3) EACH SCHOOL DISTRICT SHALL ENSURE THAT THE DISTRICT HOLDS UNRESTRICTED GENERAL FUND OR CASH FUND EMERGENCY RESERVES IN THE AMOUNT REQUIRED UNDER THE PROVISIONS OF SECTION 20 (5) OF ARTICLE X OF THE STATE CONSTITUTION.

SECTION 7. Effective date. This act shall take effect July 1, 2003.

SECTION 8. 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: April 22, 2003