Annual Budget

The annual budget is the financial plan for the operation of the school system. It provides the framework for both expenditures and revenues for the year and future years and translates into financial terms the educational programs and objectives of the district.

Budget process

Public school budgeting is regulated and controlled by statutes and by requirements of the State Board of Education that prescribe the form of district budgets in order to ensure uniformity throughout the state.

The budget shall be presented in a summary format that is understandable by any layperson. The budget format shall itemize expenditures of the district by fund and by student. It shall describe the expenditure and show the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year. When budgeting for any enterprise funds, the district shall use the full accrual basis of accounting. The budget shall summarize revenues by revenue source and expenditures by function, fund and object.

The budget also shall disclose planned compliance with spending limitations outlined in Article X, Section 20, of the Colorado constitution, including holding TABOR reserve funds in an unrestricted general fund or in cash funds.

The Board assigns to the superintendent overall responsibility for annual budget preparation, budget presentation and budget administration. As part of the superintendent's budget responsibility, the superintendent shall cause to be prepared a budget preparation calendar that shall ensure that all deadlines established by law for budget presentation, hearings and adoption and for certification of amounts to be raised by school tax levies are met by the school district. The budget calendar shall take into consideration the possible need to submit a request to raise additional local revenue to a vote by the district's electorate. The superintendent shall have authority to delegate portions of his or her budget responsibility to the business manager of the district.

The budget prepared and presented by the superintendent shall be consistent with the budget priorities of the Board as established in policy DBD.

Operating reserve

NOTE: Maintaining a set amount or percentage year-end fund balance in addition to TABOR reserves is not required by law, but is a suggested "best practice."

Maintaining a fiscal year-end fund balance as an operating reserve in the general fund is a beneficial and sound financial management practice. The Board of Education assigns to the superintendent or designee the responsibility of accumulating and maintaining a general fund balance amounting to a reasonable amount established by the board as an operating reserve. Accumulation of general fund reserve balance will be maintained annually, unless otherwise approved by the Board. This amount will be in excess of the emergency reserve required by Article X, Section 20 of the Colorado Constitution (Taxpayer's Bill of Rights).

The operating reserve is intended to serve as a "rainy day" fund and will be used only for an unexpected loss of revenue or an extraordinary expenditure. Expenditures from this reserve shall be reported to the Board.

If any part of the operating reserve is used in any fiscal year to cover an unexpected loss of revenue or an extraordinary expenditure, funds will be reallocated to restore the year-end fund balance in the operating reserve before any other budget allocations in the subsequent fiscal year, unless the Board of Education approves otherwise.

Capital reserve

NOTE: Maintaining a set amount in the capital reserve fund is no longer required by law, but is a suggested "best practice." The amount is up to the Board to determine. One option is to set the maximum amount in accordance with prior state law, which was eight hundred dollars multiplied by the district's funded pupil count minus the district's on-line pupil enrollment.

Maintaining resources in the capital reserve fund is a beneficial and sound business practice and protects the public's investment in school district facilities. The Board directs the superintendent or designee to budget a reasonable amount to meet projected needs each year to the capital reserve account for capital outlay expenditures authorized in state law. This amount shall be transferred from the general fund to the capital reserve fund. The amount transferred from the general fund may be reduced by any money collected from the sale of land, buildings or both or any payments collected from the dedication of lands or voluntary contributions from a developer.

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LEGAL REFS.: C.R.S. 22-11-302 (1)(a) *(district accountability committee budget recommendations)*
C.R.S. 22-11-402 (1)(a) *(school level accountability committee budget recommendations)*
C.R.S. 22-32-109 (1)(b)
C.R.S. 22-44-101 through 117 *(school district budget law, Board shall cause a proposed budget to be prepared and shall adopt a budget for each fiscal year)*

C.R.S. 22-44-106 *(Board may provide for an operating reserve in the general fund which shall not exceed 15% of the amount budgeted for the current fiscal year)*
C.R.S. 22-45-103 (1)(c) *(authorized expenditures from capital reserve fund)*
C.R.S. 29-1-103 (3) *(budget to reflect lease-purchase payment obligations)*

CROSS REF.: DB subcodes, (all relate to the budget)

NOTE 1: The CDE Financial Policies and Procedures Handbook must be used by all school districts in the development of the budget. C.R.S. 22-44-204 (3).

NOTE 2: The State Board of Education has implemented a statewide financial, student management and human resource electronic data communications and reporting system that is based on a redesigned standard chart of accounts, a standard information system and a standard personnel classification system. All school districts and boards of cooperative services must use the system to report and obtain necessary financial information. C.R.S. 22-44-105 (4).

NOTE 3: School districts may designate district-owned property as all or a portion of the district's required TABOR emergency reserve. C.R.S. 22-44-105 (1)(c.5). A district must follow specific steps to do so, including securing a letter of credit from an investment-grade bank and filing notice with the state treasurer and the Colorado Department of Education.