

Funds from State Tax Sources (Loan Programs)

Short-term borrowing

The superintendent shall notify the Board of Education when it becomes evident that the cash balances will not meet anticipated obligations. Under such circumstances the Board may negotiate, under the provisions of Colorado statutes, for a loan in such amounts as may be required to meet such obligations. Such a loan may not be obtained without prior approval of the Board.

The Board may authorize the president and the secretary to execute promissory notes on behalf of the school district from time to time as such borrowing of funds becomes necessary and may further authorize them to execute any and all other documents necessary or incidental to the borrowing of funds. By law, these short-term loans must be liquidated within six months of the close of the fiscal year from moneys received by the District for the general fund.

State interest-free loan program

The superintendent shall notify the Board when a general fund cash flow deficit is projected to occur in any month of the fiscal year. The Board may elect to address the projected deficits through participation in the state's interest free or low interest loan program. If so elected, the Board shall adopt a resolution authorizing participation in the program. If participating, the District's Chief Financial Officer (CFO) shall submit an application request to the state treasurer. Once approved, the CFO shall submit routine updates to the state treasurer outlining the District's actual and projected cash position, revenues and expenditures. Such information shall be used to determine the amount of the loan, if any, granted to the district during any given month. The state treasurer shall determine the method for calculating cash deficits and appropriate reporting mechanisms.

All loans shall be repaid by June 25 of the fiscal year in which they were made or an alternate date determined by the state treasurer. In the event the district is unable to pay back the loan in the same fiscal year, the Board may elect to participate in any repayment option authorized by state law to cover this financial obligation.

Tax anticipation notes

The Board may issue tax anticipation notes without an election if it determines that taxes due the district will not be received in time to pay projected budgeted expenses. Tax anticipation notes shall mature on or before August 31 of the fiscal year immediately following the fiscal year in which the tax anticipation notes were issued.

The state treasurer is authorized to issue tax anticipation notes for school districts pursuant to terms and conditions negotiated by the state treasurer and the district.

Tax anticipation notes issued by the District shall not exceed 75 percent of the taxes the District expects to receive in the current fiscal year as shown by the current budget.

Monthly updates

The status of any outstanding loans shall be reviewed with the Board of Education as part of the monthly financial reporting process.

Current practice codified 1994

Adopted June 8, 1994

Revised December 14, 1994

Revised October 25, 1995

Revised June 9, 2004

LEGAL REFS.: C.R.S. 22-40-107 – Short term loans

C.R.S. 22-54-110 – Loans to alleviate cash flow deficits – lease-purchase agreements

C.R.S. 29-15-101 *et seq.* Tax Anticipation Note Act