

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 district's educational programs and priorities.

Five-year budget plan

The superintendent, through the district's chief financial officer, shall develop, subject to annual approval by the Board, a five-year budget plan that projects the future financial viability of the district and achievement of the district's priorities and takes into account a specific set of operating assumptions, future revenue, including tax and non-tax revenue, and future increases in operating expenses.

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 general fund budget shall summarize revenues by revenue source and expenditures by program, fund and object.

The budget shall include a uniform summary sheet for each fund administered by the district that details the beginning fund balance and anticipated ending fund balance for the budget year; the anticipated fund revenues for the budget year; the anticipated transfers and allocations that will occur to and from the fund during the budget year; the anticipated expenditures that will be made from the fund during the budget year; and the amount of reserves in the fund.

The budget shall annually include a per pupil dollar amount to be allocated, at the discretion of the Board of Education, to the instructional supplies and materials account. The initial dollar amount shall be \$193 per pupil and shall be increased or decreased each year by the rate of inflation or the same percentage that the statewide per pupil funding is increased or decreased.

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 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 district's chief financial officer.

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

Operating reserve

Budgeting for and 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. This amount will be in excess of the emergency reserve required by Article X, Section 20 of the Colorado Constitution (TABOR) and will be set annually by the Board.

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 the 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 and risk management

The budget shall annually include a per pupil dollar amount to be allocated, at the discretion of the Board of Education, to the capital reserve and risk management funds. The initial dollar amount shall be \$313 per pupil and shall be increased or decreased each year by the rate of inflation or the same percentage that the statewide per pupil funding is increased or decreased.

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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 (operating reserve)
C.R.S. 22-44-301 *et seq.* (authorized expenditures from capital reserve fund)
C.R.S. 22-45-103 (1)(c) (authorized expenditures from capital reserve fund)
C.R.S. 29-1-103 (3) (budget required to reflect lease-purchase payment obligations)

CROSS REFS.: DAB*, Financial Administration
DB subcodes, (all relate to the budget)