DEB - Loan Programs

(Funds from State Tax Sources)

Short-term borrowing

The superintendent shall notify the Board when it becomes evident, early in the fiscal year before substantial tax moneys have been received, that 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 are liquidated within six months of the close of the fiscal year from moneys received by the district for the general fund.

State interest-free or low-interest loan program

When it becomes evident that a general fund cash deficit will occur in any month, the district's chief financial officer and the superintendent shall notify the Board. The notice shall explain the need for a loan and the requested amount. Under such circumstances the Board may elect to participate in an interest-free or low-interest loan program through the state treasurer's office by adopting a resolution approving the amount of the loan prior to the loan being made. The loan may not exceed the amount certified by the district's chief financial officer and the superintendent. However, the superintendent may not apply for such loan without a resolution of the Board. The state treasurer shall determine the method for calculating cash deficits and appropriate reporting mechanisms.

If, in order to receive an interest-free loan, the district seeks to have tax and revenue anticipation notes issued on its behalf pursuant to state law, the notice to the Board shall not only explain the district's anticipated cash flow deficit for the upcoming year, but also the total amount of tax and revenue anticipation notes needed to cover the deficit.

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.

Lease-purchase agreements with state

Under certain conditions the district may sell real property to the state treasurer if the district has been denied a loan or is unable to pay a loan made by the state pursuant to the interest-free loan program.

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.

~~**Loans for renewable energy or energy efficiency projects**~~

~~The Board may authorize the superintendent to apply to the state's energy office for a loan to fund renewable energy projects or energy efficiency projects. Prior to applying for a loan from the state for this purpose, the district shall establish a renewable energy project team in accordance with state law.~~

Adopted: September 9, 2003
Revised: October 19, 2009, February 9, 2015
Reviewed: April 16, 2018

LEGAL REFS.: C.R.S. 22-40-107 (short term loans)

C.R.S. 22-45-112 (sale of assets)

C.R.S. 22-54-110 (loans to alleviate cash flow problems)

C.R.S. 22-54-110 (2)(d) (loans in form of lease-purchase agreements with state treasurer if fiscal emergency)

C.R.S. 22-92-101 et seq. (Renewable Energy and Energy Efficiency for Schools Loan Program Act)

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

1 CCR 301-85 (State Board of Education rules governing the renewable energy and energy efficiency for schools loan program)

CROSS REF.: DBK*, Fiscal Emergencies

Platte Valley School District, Weld RE-7