

## **SHORT-TERM BORROWING**

### **Short-term borrowing**

Should it become evident, early in the fiscal year before substantial tax moneys have been received, that cash balances will not meet anticipated obligations, the superintendent shall notify the Board. Under such circumstances, Colorado law allows the Board to negotiate for a loan in the amount required to meet such obligations. Such a loan may not be obtained without prior Board approval.

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 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 the loan program offered by 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.

### **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 they 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.

Adopted prior to 1985

Revised April 19, 1989  
Revised November 4, 1992  
Revised March 3, 2004

LEGAL REFS: C.R.S. 22-40-107 (*short term loans*)  
C.R.S. 22-54-110 (*loans to alleviate cash flow problems*)  
C.R.S. 29-15-101 *et seq.* (*Tax Anticipation Note Act*)