

1 H.235

2 Introduced by Representatives Partridge of Windham, Moran of Wardsboro,

3 Nuovo of Middlebury, Spengler of Colchester, Trieber of

4 Rockingham, and Woodward of Johnson

5 Referred to Committee on

6 Date:

7 Subject: Education; school districts; budgets; fund balance

8 Statement of purpose of bill as introduced: This bill proposes to permit a
9 school district to use surplus monies to create a reserve fund without prior
10 voter authorization, provided the fund cannot exceed five percent of the
11 district's budget and the fund may only be used to address cash flow issues and
12 respond to emergencies.

13 An act relating to permitting school districts to create a reserve fund without
14 prior voter authorization

15 It is hereby enacted by the General Assembly of the State of Vermont:

16 Sec. 1. 16 V.S.A. § 567 is amended to read:

17 § 567. SURPLUS

18 If an audit conducted pursuant to ~~subdivision 563(17) of this title or section~~
19 ~~1681 of Title 24~~ V.S.A. § 1681 reveals that a school district has surplus funds,
20 the school board shall:

1 (1) carry the funds into the next year as revenue ~~unless authorized by the~~
2 ~~voters, at an annual or special meeting warned for the purpose, to;~~

3 ~~(1)~~(2) deposit the funds into a reserve fund established pursuant to
4 24 V.S.A. § 2804; or

5 ~~(2)~~(3) use the funds for a specific purpose authorized by the voters at an
6 annual or special meeting.

7 Sec. 2. 24 V.S.A. § 2804 is amended to read:

8 § 2804. RESERVE FUNDS; USE

9 (a) At an annual or special meeting duly warned, a municipality may
10 establish a reserve fund to be under the control and direction of the legislative
11 branch of the municipality. The reserve fund shall be kept in a separate
12 account and invested as are other public funds and may be expended for such
13 purposes for which established, or when authorized by a majority of the voters
14 present and voting at an annual or special meeting duly warned, for other
15 purposes.

16 (b) If a reserve fund is established under subsection (a) of this section to
17 pay a school district's future school capital construction costs approved under
18 16 V.S.A. chapter 123 ~~of Title 16~~, any funds raised by the district as part of its
19 education spending to pay for those future costs shall be considered "approved
20 school capital construction spending" in calculating excess spending under
21 32 V.S.A. § 5401(12). Districts shall submit to the ~~department of education~~

1 Agency of Education annually a report of deposits into and expenditures from
2 a school capital construction reserve fund. If the ~~department of education~~
3 Agency of Education determines that any amount in the reserve fund has not
4 been used for approved school capital construction within five years after
5 deposit into the fund, then 150 percent of that amount shall be added to the
6 district's education spending in the then-current year for purposes of
7 calculating the excess spending penalty. The definitions in 16 V.S.A.
8 chapter 133 of ~~Title 16~~ shall apply to this subsection.

9 (c) Notwithstanding subsection (a) of this section, a school district may
10 establish a reserve fund without prior voter authorization for the purpose of
11 receiving surplus funds at the end of the fiscal year; provided, however, that:

12 (1) the fund balance shall not exceed five percent of the district budget
13 in any year; and

14 (2) the fund shall be used solely to address cash flow issues and respond
15 to emergencies.

16 Sec. 3. EFFECTIVE DATE

17 This act shall take effect on July 1, 2013.