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SENATE BILL 18

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Richard M. Romero

AN ACT

RELATING TO EDUCATION; AMENDING THE PUBLIC SCHOOL FINANCE ACT TO REQUIRE SCHOOL DISTRICTS TO USE ACCRUAL BASIS ACCOUNTING AND TO MAKE QUARTERLY REPORTS AND TO PREVENT SCHOOL DISTRICTS FROM USING CASH BALANCES FOR RECURRING EXPENSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 22-8-5 NMSA 1978 (being Laws 1967, Chapter 16, Section 59, as amended) is amended to read:

"22-8-5. MANUAL OF ACCOUNTING AND BUDGETING. --

A. The department shall compile and publish a manual prescribing detailed [~~regulations~~] rules for a uniform system of accrual basis accounting and budgeting of funds for all public schools and school districts of the state. The manual of [~~regulations and any revision or amendments thereto~~] rules shall become effective only upon approval by the state

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1 board [~~of education~~] and the legislative finance committee,
2 filing with the state records center and publication. The
3 department shall provide training to the school districts on
4 accrual basis accounting. A copy shall also be filed with the
5 department of finance and administration.

6 B. All public schools and school districts shall
7 comply with the [~~regulations~~] rules prescribed in the manual
8 of accounting and budgeting and shall, upon request, submit
9 additional reports concerning finances to the department. In
10 addition, upon request, all public schools and school
11 districts shall file reports with the department containing
12 pertinent details regarding applications for federal money or
13 federal grants-in-aid or regarding federal money or federal
14 grants-in-aid received, including but not limited to details
15 of programs, matching funds, personnel requirements, salary
16 provisions and program numbers, as indicated in the catalog of
17 federal domestic assistance, of the federal funds applied for
18 and of those received.

19 C. Upon request by the department of finance and
20 administration, the legislative finance committee or the
21 legislative education study committee, the [~~state~~] department
22 [~~of public education~~] shall timely furnish information and
23 data obtained from public schools and school districts
24 pursuant to Subsection B of this section. "

25 Section 2. Section 22-8-13 NMSA 1978 (being Laws 1974,

. 124499. 1

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1 Chapter 8, Section 3, as amended) is amended to read:

2 "22-8-13. REPORTS. --

3 A. Each local school board shall require each
4 public school in its school district to keep accurate records
5 concerning membership in the public school. The
6 superintendent of each school district shall maintain the
7 following reports for each twenty-day reporting period:

8 (1) the basic program MEM by grade in each
9 public school;

10 (2) the early childhood education MEM;

11 (3) the special education MEM in each public
12 school in class C and class D programs as defined in Section
13 22-8-21 NMSA 1978;

14 (4) the number of class A and class B
15 programs as defined in Section 22-8-21 NMSA 1978; [and]

16 (5) the full-time-equivalent MEM for
17 bilingual multicultural education programs; and

18 (6) a comparison of actual revenues and
19 expenditures with budgeted revenues and expenditures on a
20 quarterly basis.

21 B. The superintendent of each school district
22 shall furnish to the department reports of the information
23 required in Paragraphs (1) through [~~(5)~~] (6) of Subsection A
24 of this section for the first forty days of the school year.
25 The forty-day report and all other reports required by law or

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1 by the state board shall be furnished within five days of the
2 close of the reporting period.

3 C. All information required pursuant to this
4 section shall be on forms prescribed and furnished by the
5 department. A copy of any report made pursuant to this
6 section shall be kept as a permanent record of the school
7 district and shall be subject to inspection and audit at any
8 reasonable time.

9 D. The department shall withhold allotments of
10 funds to any school district [~~where~~] when the superintendent
11 has failed to comply until the superintendent complies with
12 and agrees to continue complying with requirements of this
13 section.

14 E. The provisions of this section may be modified
15 or suspended by the department for any school district or
16 school operating under the Variable School Calendar Act. The
17 department shall require MEM reports consistent with the
18 calendar of operations of such school district or school and
19 shall calculate an equivalent MEM for use in projecting school
20 district revenue. "

21 Section 3. Section 22-8-41 NMSA 1978 (being Laws 1967,
22 Chapter 16, Section 99, as amended) is amended to read:

23 "22-8-41. RESTRICTION ON OPERATIONAL FUNDS-- EMERGENCY
24 ACCOUNTS-- CASH BALANCES. --

25 A. No school district shall expend money from its

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1 operational fund for the acquisition of a building site or for
2 the construction of a new structure, unless the school
3 district has bonded itself to practical capacity or the state
4 superintendent determines and certifies to the legislative
5 finance committee that the expending of money from the
6 operational fund for this purpose is necessary for an adequate
7 public educational program and will not unduly hamper the
8 district's current operations.

9 B. A school district may budget out of cash
10 balances carried forward from the previous fiscal year an
11 amount not to exceed five percent of its proposed operational
12 fund expenditures for the ensuing fiscal year as an emergency
13 account. Money in the emergency account shall be used only
14 for unforeseen expenditures incurred after the annual budget
15 [was] has been approved and shall not be expended without the
16 prior written approval of the state superintendent.

17 C. [~~In addition to the emergency account~~] School
18 districts [~~may also~~] shall not budget operational fund cash
19 balances carried forward from the previous fiscal year for
20 operational expenditures [~~exclusive of salaries and payroll,~~
21 ~~upon specific prior approval of the state superintendent. The~~
22 ~~state superintendent shall notify the legislative finance~~
23 ~~committee in writing of his approval of such proposed~~
24 ~~expenditures~~]. "