

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number SB604

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Potts

3. Committee Education and Health

4. Title System of accounting in public schools.

5. **Summary/Purpose:** This bill establishes contingency reserves as a major classification of school funds. This bill requires local governing bodies to carry forward on the books of the treasurer or other fiscal agent for the locality any contingency reserve funds appropriated to the school board that have not been expended by June 30 of each year. These funds must be appropriated to the school board in the next fiscal year.

6. **Fiscal Impact:** (See 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** This bill would require local school divisions to add a new funding classification to their accounting systems. The administrative and cost burden to the localities cannot be quantified since financial systems in the school divisions are set up according to the unique requirements of the division.

The department would be required to add a new expenditure classification to the Annual School Report (ASR). The cost and administrative burden of this task should be minimal.

9. **Specific agency or political subdivisions affected:** Board of Education, school divisions

10. **Technical amendment necessary:** No.

11. **Other comments:** Title 22.1 - 100 provides that state funds that are unexpended in any year by a school division revert to the Commonwealth, unless the Board of Education directs otherwise. The Code also states that all local funds unexpended in any year remain part of the funds of the governing body.

Date: 2/04/02/acd

Document: H: \BOS\K12 Legislation \2002 Session \Completed Bills \SB604.doc.

cc: Secretary of Education
Secretary of Finance