

Noninstructional Operations and Business Services

Establishment, Adoption and Modification of School District Budget

I. Purpose

This policy establishes lines of authority and procedures for the establishment, adoption and modification of the school district's revenue and expenditure budgets.

II. General Statement of Policy

The school district will establish, adopt and modify its revenue and expenditure budgets in accordance with the applicable provisions of law. Budget planning is an integral part of program planning so that the annual budget will effectively express and implement school board goals and the priorities of the district.

III. Requirements

- A. The superintendent or other administrators, as designated by the superintendent or the school board, will each year prepare preliminary revenue and expenditure budgets for review by the school board or its designated committee. The preliminary budgets are accompanied by written commentary as necessary for the budgets to be clearly understood by the members of the school board and the public.

The school board will review the projected revenues and expenditures for the school district for the next fiscal year and make adjustments in the expenditure budget as necessary to carry out the education program within the revenues projected.

- B. The district must maintain separate accounts to identify revenues and expenditures for each building. Expenditures are reported in compliance with Minn. Stat. § 123B.76.
- C. Prior to July 1 of each year, the school board must approve and adopt its initial revenue and expenditure budgets for the next fiscal year. The adopted expenditure budget document is the school board's expenditure authorization for that fiscal year. No funds may be expended for any purpose in the fiscal year prior to the adoption of the expenditure budget document that authorizes the expenditure for the fiscal year or prior to the adoption of an amendment to the expenditure budget document by the school board to authorize the expenditure for the fiscal year.
- D. Each year, the district will publish its adopted revenue and expenditure budgets for the current fiscal year; the actual revenues, expenditures and fund balances for the prior fiscal year; and the projected fund balances for the current fiscal year in the form prescribed by the Minnesota Commissioner of Education

("Commissioner") within one week of the acceptance of the final audit by the school board, or November 30, whichever is earlier.

A statement will be included in the publication that the complete budget in detail may be inspected by any resident of the district upon request to the superintendent. A summary of this information and the address of the district's website where the information can be found must be published in a newspaper of general circulation in the district. At the same time as this publication, the district will publish the other information required by Minn. Stat. § 123B.10.

- E. At the public hearing on the adoption of the district's proposed property tax levy, the school board will review its current budget and the proposed property taxes payable in the following calendar year.

IV. Implementation

- A. The school board places the responsibility for administering the adopted budget with the superintendent. The superintendent may delegate budgetary duties to other administrators, but maintains the ultimate responsibility for this function.
- B. The program-oriented budgeting system will be supported by a program-oriented accounting structure organized and operated on a fund basis as provided for in state law through the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts ("UFARS").
- C. The superintendent or designee is authorized to make payments of claims or salaries authorized by the adopted or amended budget prior to school board approval.
- D. Supplies and capital equipment can be ordered prior to budget adoption only by authority of the school board. If additional personnel are provided in the proposed budget, actual hiring may not occur until the budget is adopted unless otherwise approved by the school board. Other funds to be expended in a subsequent fiscal year may not be encumbered prior to budget adoption unless specifically approved by the school board.
- E. The district will make such reports to the Commissioner as required relating to initial allocations of revenue, reallocations of revenue, and expenditures of funds.

V. Modification of the Budget

- A. If revisions or modifications in the adopted expenditure budget are determined to be advisable by the administration, the superintendent will recommend the proposed changes to the school board. The proposed changes will be accompanied by sufficient and appropriate background information on the revenue and policy issues involved to allow the school board to make an informed decision.

The Board Finance Committee will review the proposed modifications. Upon approval from the committee, the modifications will be sent to the board for approval.

- B. If sufficient funds are not included in a particular fund within the expenditure budget to allow the proposed expenditure, funds for this purpose may not be expended from that fund prior to the adoption of an expenditure budget amendment by the school board to authorize that expenditure for that fiscal year. An amended expenditure will not exceed the projected revenues available for that purpose in that fund.
- C. The school district's revenue budget may be periodically amended during a fiscal year to reflect updated or revised revenue estimates. The superintendent will make recommendations to the school board for appropriate revisions. If necessary, the school board will also make necessary revisions in the expenditure budget if it appears that expenditures would otherwise exceed revenues and fund balances in a fund.

Legal References:

Minn. Stat. § 123B.10 (Publication of Financial Information)

Minn. Stat. § 123B.76 (Expenditures; Reporting)

Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting Requirements)

Minn. Stat. § 126C.23 (Allocation of General Education Revenue)

Cross Reference:

Policy 703 (Accounting)

Policy
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INDEPENDENT SCHOOL DISTRICT 273
Edina, Minnesota