701 ESTABLISHMENT AND ADOPTION OF SCHOOL DISTRICT BUDGET

I. PURPOSE

The purpose of this policy is to establish lines of authority and procedures for the establishment of the school district's revenue and expenditure budgets.

II. GENERAL STATEMENT OF POLICY

The policy of this school district is to establish 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 school district.

III. REQUIREMENT

A. The superintendent or such other school official as designated by the superintendent or the school board shall each year prepare preliminary revenue and expenditure budgets for review by the school board or its designated committee or committees. The preliminary budgets shall be accompanied by such written commentary as may be necessary for them to be clearly understood by the members of the school board and the public. The school board shall review the projected revenues and expenditures for the school district for the next fiscal year and make such adjustments in the expenditure budget as necessary to carry out the education program within the revenues projected.

B. The school board must initially allocate its general education and referendum revenue to each building in the school district where children who have generated the revenue are served. This initial allocation shall be made in accordance with procedures specified by the Minnesota Department of Education.

C. The school board may, by resolution, adjust the initial allocation so as to expend revenue for any purpose.

D. The school district must maintain separate accounts to identify revenues and expenditures for each building. Expenditures shall be reported in compliance with Minn. Stat. § 123B.76.

E. Prior to July 1 of each year, the school board shall approve and adopt its initial and reallocated revenue and expenditure budgets for the next school year. The adopted expenditure budget document shall be considered the school board's expenditure authorization for that school year. No funds may be expended for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure for that year, or prior to the adoption of an amendment to that budget document by the school board to authorize that expenditure for that year.

F. The school district shall publish its adopted revenue and expenditure budgets for the current year, the actual revenues, expenditures and fund balances for the prior

year, and the projected fund balances for the current year in the form prescribed by the Commissioner within one week of the acceptance of the final audit by the school board, or November 30, whichever is earlier. A statement shall be included in the publication that the complete budget in detail may be inspected by any resident of the school district upon request to the superintendent. At the same time as this publication, the school district shall publish the other information required by Minn. Stat. § 123B.10.

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

H. The school district must also post the material specified in Paragraph III.F. above on the school district's official website including a link to the school district's school report card on the Minnesota Department of Education's website, and publish a summary of information and the address of the school district's website where the information can be found in a qualified newspaper of general circulation in the district.

IV. IMPLEMENTATION

A. The school board places the responsibility for administering the adopted budget with the superintendent. The superintendent may delegate duties related thereto to other school officials, 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 Minnesota statutes through the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS).

C. The superintendent or the superintendent's 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 school year may not be encumbered prior to budget adoption unless specifically approved by the school board.

E. The school district shall make such reports to the Commissioner as required relating to initial allocations of revenue, reallocations of revenue and expenditures of funds.

V. FUND BALANCE

The school district shall develop and adopt revenue and expenditure budgets to provide sufficient funding to manage operating expenses and to provide adequate cash flow throughout the school. Fund balance reserves are required to meet these demands and

will be established on an annual basis through the budget development process. The reserves will be established in a percent of the operating budget.

Legal References:
Minn. Stat. § 123B.76 (Expenditures; Reporting)
Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting Requirements)
Minn. Stat. § 123B.10 (Publication of Financial Information)

Cross References:

Policy 701.1 (Modification of the School District Budget)
Policy 702 (Accounting)
Policy 714 (Fund Balances)
MSBA Service Manual, Chapter 7, Education Funding

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Alexandria Public School District - No. 206
Alexandria, Minnesota