

Adopted: August 2, 2004

MSBA/MASA Model Policy 701

Orig. 1995

Revised: \_\_\_\_\_

Rev. 2000

Note: Policy Modified for Use by I.S.D. #2534

## **701 ESTABLISHMENT AND ADOPTION OF SCHOOL DISTRICT BUDGET**

*[Note: The provisions of this policy substantially reflect the requirements of Minnesota Statutes.]*

### **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**

It is the policy of this school district 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 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.

- 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, prior to October 1 of each year, 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 a qualified newspaper of general circulation in the school district. The publication shall be made in the form prescribed by the Commissioner. 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.

#### **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. The District will follow its adopted budget as closely as possible in expenditure of funds.
- 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.
- F. The Board shall receive monthly financial statements showing the financial condition of the school district as of the last day of the preceding month. Such statements will reflect obligations incurred as well as those already paid. Such other financial records as may be determined necessary by either the Board or the administration shall be presented periodically.
- G. All purchases by the School District are governed by law and must conform to stipulated procedures. Only purchases on official school purchase orders, properly filled out and signed, will be honored by the School District.

Teachers ordering school supplies without following the above procedure will be personally responsible for payment of same.

No materials can be ordered on approval and charged to the District without permission from the Principals. Requisitions for needed supplies must be made on proper requisition forms. Such requisitions must be approved by the Principal in charge.

Purchase Order Process:

Purchase orders could first be approved by the Business Manager before being submitted for the Superintendent's approval. Such a process would have the benefit of ensuring that purchase orders are looked at two times before being approved. In addition, the Business Manager will be able to review all purchase order requests, thus reducing the Superintendent's workload. All purchase orders and reimbursement claims go to the Board for approval before payments or purchases can be made. In the event of an emergency, final approval of over \$ 250 must go through the Board.

The District's Travel, Meal Allowance and Miscellaneous Claim Form contains the following statement at the top in bold type: "Note: All claims submitted for reimbursement must have receipts attached for lodging, meals, miscellaneous expenses, and purchases. A claimed mileage that is greater than that stated by Mapquest must be accompanied by a statement from the employee explaining the additional mileage." The School Board could then make it known that it expects this process to be implemented, meaning that not only would proper documentation be required, but also that mileage would be checked.

A monthly report to the School Board from the Business Manager is recommended to relay information on the finances and lend an opportunity for the School Board to ask questions.

***Legal References:*** Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting Requirements)  
Minn. Stat. § 123B.10 (Publication of Financial Information)  
Minn. Stat. § 126C.23 (Allocation of General Education Revenue)  
Minn. Stat. § 275.065 (Truth in Taxation; Proposed Property Taxes; Notice)

***Cross References:*** MSBA/MASA Model Policy 701.1 (Modification of School District Budget)  
MSBA/MASA Model Policy 702 (Accounting)  
MSBA Service Manual, Chapter 7, Education Funding