

NOVA CLASSICAL ACADEMY
MANUAL OF POLICIES APPROVED BY THE BOARD OF DIRECTORS

POLICY NP 701:
ESTABLISHMENT AND ADOPTION OF SCHOOL BUDGET AND
EXPENDITURE AUTHORITY

I. PURPOSE

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

II. GENERAL STATEMENT OF POLICY

It is the policy of this school to establish its revenue and expenditure budgets in accordance with the applicable provisions of the law. Budget planning is an integral part of program planning so that the annual budget will effectively express and implement school goals and the priorities of the school.

III. REQUIREMENT

- A. The Executive Director or such other school official as designated by the Executive Director or the school board shall each year prepare preliminary revenue and expenditure budgets for review by the school board or designated committee. 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 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. Prior to the adoption of the initial budget for a school year, the school board must set the enrollment for the next school year.
- C. The school must maintain separate accounts to identify revenues and expenditures. Expenditures shall be reported in compliance with Minn. Stat. 123B.76.
- D. Prior to July 1 of each year, the school board shall approve and adopt its initial 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. **Prior to October 31st, the board shall approve and adopt the final budget for the current academic school year and the Administration will report this updated budget as described below (Section E).**
- E.** Each year, the school shall publish its adopted revenue and expenditure budgets for the current year, the actual revenues, 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 detail may be inspected by any resident of the school upon request to the Executive Director. These budgets, reports of revenue, expenditures, and fund balances must be published on the school's official website.

IV. IMPLEMENTATION

- A. The school board places the responsibility for administering the adopted budget with the Executive Director. The Executive Director may delegate duties related thereto to other school officials, but maintains the ultimate responsibility for this function.
 - 1. Non-budgeted items in excess of \$10,000 must have board approval.
 - 2. Contractual obligations of more than 1 year or **be** greater than \$20,000 must be approved by the school board. Approval can be either a summary of the material terms of the contract or the distribution and acceptance of the contract. In either instance, a copy of the contract shall be made available to the school board.
 - 3. The board must be notified at the next official Board meeting when projected spending on any individual **line category** of the budget exceeds **both \$10,000 and** the approved amount **(based on the October budget)** by 10%.
- 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's (UFARS).
- C. Supplies and capital equipment can be ordered prior to the 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 year may not be encumbered prior to budget adoption unless specifically approved by the school board.
- D. The school shall make such reports to the Commissioner as required relating to initial allocations of revenue, reallocations of revenue and expenditure of funds.

Cross References: NP 702 (Fund Balance Requirements and Related Fiscal Balances)

ADOPTED BY THE BOARD: 2/22/2010
REVISED BY THE BOARD: 10/30/2017
EFFECTIVE DATE: 10/30/2017