



701 ESTABLISHMENT, ADOPTION AND MODIFICATION OF SCHOOL DISTRICT BUDGET

I. PURPOSE

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

II. GENERAL STATEMENT OF POLICY

The policy of the 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 director of finance and operations, or such other school officials as designated by the superintendent or the school board will prepare preliminary revenue and expenditure budgets each year for review by the school board or the Finance Committee. The preliminary budgets will 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 will 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. When projected expenditures exceed projected revenues, the school board may consider use of an available fund balance, in accordance with ISD 200 Policy 714 Fund Balance.
- B. The school district must maintain separate accounts to identify revenues and expenditures for each building. Expenditures will be reported in compliance with Minnesota Statutes, section 123B.76.
- C. Prior to July 1 of each year, the school board will approve and adopt its initial revenue and expenditure budgets for the next school year. The adopted expenditure budget document will 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.
- D. Each year, the school district will 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 of the Minnesota Department 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 school district upon request to the District Office. A summary of this information and the address of the school district's official website where the information can be found must be published in a newspaper of general circulation in the school district. At the same time as this publication, the school district will publish the other information required by Minnesota Statutes section, 123B.10.

- E. At the public hearing on the adoption of the school 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.
- F. The school district must also post the materials specified in Section III (D) 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 the superintendent 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 will make such reports to the Commissioner as required relating to initial allocations of revenue, reallocations of revenue, and expenditures of funds.

V. MODIFICATION

The school district's revenue budget may be amended from time to time during a fiscal year to reflect updated or revised revenue estimates. In such case, the superintendent will make recommendations to the school board for appropriate revisions. If necessary, the school board may 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)

Cross References: *ISD 200 Policy 701.1 (Modification of School District Budget)*
ISD 200 Policy 702 (Accounting)

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