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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

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. Prior to the adoption of the initial budget for a school year, the school board must inform the principal or other responsible authority of each site the amount of general education and referendum revenue that will be generated by the pupils in attendance at that site. These estimates may be adjusted in accordance with law.
- C. 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.
- D. 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.

- E. 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.
- F. 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.
- 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.

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)
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