

INDEPENDENT SCHOOL DISTRICT 719
PRIOR LAKE - SAVAGE AREA SCHOOLS**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 modification of the school district's revenue and expenditure budgets.

II. GENERAL STATEMENT OF POLICY

It is the policy of Prior Lake-Savage Area Schools 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.

A. Establishment and Adoption of School District Budget

1. 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.
2. The school district must maintain separate accounts to identify revenues and expenditures for each building. Expenditures shall be reported in compliance with Minn. Statute section 123B.76.
3. 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.
4. Each year, 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. 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 or the district website if no newspaper exists. At the same time as this publication, the school district shall publish the other information required by Minn. Statute section 123B.10.

5. 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.
6. The school district must also post the materials specified in Paragraph II.A.4.. 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 if available, or the district website if no newspaper exists in the district.

B. Modification of School District Budget

1. The school district's adopted expenditure budget shall be considered the school board's expenditure authorization for that school year.
2. If the administration determines that revisions or modifications in the adopted expenditure budget are advisable, the superintendent shall recommend the proposed changes to the school board. The proposed changes shall be accompanied by sufficient and appropriate background information on the revenue and policy issues involved to allow the school board to make an informed decision. A school board member may also propose modifications on that board member's own motion. The school board member is encouraged to review the proposed modifications with the superintendent prior to the proposal so that the administration may prepare necessary background materials for the school board prior to its consideration of those proposed modifications.
3. If sufficient funds are not included in the expenditure budget in a particular fund to allow the proposed expenditure, the school board must adopt an expenditure budget amendment to authorize that expenditure for that school year before funds may be expended from that fund. An amended expenditure shall not exceed the projected revenues available for that purpose in that fund unless the school board approves the use of fund balance per Policy 701.2 Fund Balance Policy.
4. The school district's revenue budget shall be amended from time to time during a fiscal year to reflect updated or revised revenue estimates. The superintendent shall make recommendations to the school board for appropriate revisions. If necessary, the school board shall also make necessary revisions in the expenditure budget if it appears that expenditures would otherwise exceed revenues and fund balances in a fund.

C. Implementation

1. The school board places the responsibility for administering the adopted budget with the superintendent. The superintendent may delegate related duties to other school officials, but maintains the ultimate responsibility for this function.
2. 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 Uniform Financial Accounting and Reporting Standards (UFARS).

3. 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.
4. 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.
5. The school district shall make such reports to the Minnesota Education Commissioner as required relating to initial allocations of revenue, reallocations of revenue and expenditures of funds.

III. DEFINITION

- A. UFARS are state standards requiring districts to use detailed tracking of revenues and expenditures in order to meet legislative requirements for school districts and to provide financial accountability for public fund allocations. The UFARS system is an integral part of the accounting and reporting process for school districts.

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

Cross References: Policy 701.2 Fund Balance Policy

School Board Adoption: November 18, 2024

Orig: April 2007
Revised: March 2019
October 2021
November 2024

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