

Policy DB: ANNUAL BUDGET

Status: DRAFT

Original Adopted Date: 07/01/2007 | Last Revised Date: 10/12/2020

EXPLANATION

MSBA has updated this policy to align with the standards and indicators of version 6 of the Missouri School Improvement Program (MSIP 6). See section L4 at <https://dese.mo.gov/media/pdf/msip-6-rule>.

MSBA has also moved a section regarding comparability between buildings from DJFA to this policy. The Department of Elementary and Secondary Education (DESE) has clarified that the comparability requirements for Title I apply to the expenditure of local funds, so it is more appropriate in this policy where the overall district budget is examined.

MSBA removed the statement requiring a hearing before adopting the budget and tax rate. There is no legal requirement to hold a hearing before budget adoption, although the budget officer should solicit input from patrons. There is a requirement that a hearing be held prior to adopting the tax rate, and that requirement is covered in policy DC.

MSBA modified the language under budget expenditures to match the statutory language.

One of the board's primary responsibilities of the board of education is to secure adequate funds to conduct a quality education program of education in the school district. The annual district budget is a written document presenting the board's plan for allocation of the available financial resources to sustain and improve the educational function of the school district and promote each student's academic success and well-being in accordance with priorities established in the Continuous School Improvement Plan (CSIP). ~~It~~ The annual budget is a legal document describing the programs to be conducted during the fiscal year and is the basis for the establishment of tax rates for the district. The fiscal year is defined as beginning annually on the first day of July and ending on the thirtieth day of June following.

Budget Planning and Adoption

The Budget planning and preparation of the budget is a continuing process. ~~It that~~ must involve a number of people individuals who have knowledge of the educational needs of the community and who can provide accurate data in regard to about the financial potential of the district. Members of the board, citizens, students and professional and support staff members should be involved in the planning process, which culminates in the preparation of the budget document. The superintendent will establish procedures that to seek input on budgetary needs from the appropriate people on budgetary needs and that consider the priorities established by the board.

The board designates the superintendent or designee to serve as the district's budget officer of the district. As ~~The~~ budget officer, the superintendent will direct the budget planning and preparation of the budget and will submit it to the board for approval. ~~Before~~ When creating the budget, the superintendent budget officer will consider the priorities established by the board and seek input from appropriate persons regarding individuals about the needs of the district. The budget must include prudent fund balance positions. ~~The superintendent or designee~~ budget officer will present to the board a preliminary budget for the following fiscal year for approval before the new fiscal year begins, as provided by law. The board has the opportunity to amend or revise the budget before adopting a final budget before the end of the fiscal year. ~~The superintendent or designee~~ budget officer will present to the new board a final budget for review and approval before the new fiscal year begins, as provided by law.

The board may revise the proposed budget prior to adoption and may make additional revisions, as necessary, throughout the year. Should the adopted budget require an increase in the tax levy above the authorized level that the board may levy is authorized to set, the tax levy increase shall be presented to the voters for approval. The budget shall be appropriately adjusted if the voters fail to pass the tax levy increase. ~~The board will conduct at least one public hearing regarding the proposed budget and taxation rate.~~

Budget Components

The annual budget document shall present a completed financial plan for the ensuing fiscal year and shall include the following statutory requirements:

1. A budget message describing the important features of the budget and major changes from the preceding year.

2. Estimated revenues to be received from all sources for the fiscal year, with a comparative statement of actual or estimated revenues for the two immediately preceding years, itemized by year, fund and source.
3. Proposed expenditures for each department, office and other classification for the budget year, together with a comparative statement of actual or estimated expenditures for the two immediately preceding years, itemized by year, fund, activity and object.
4. The amount required for the payment of interest, amortization and redemption charges on the debt of the school district.
5. A general budget summary.

Budget Expenditures

In no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the fiscal year. Upon the recommendation of the superintendent, the board will approve a system of internal accounting to ensure proper financial accounting of revenues and expenditures.

The district's adopted budget serves as the control to direct and limit expenditures in the district. Overall responsibility for assuring control rests with the superintendent, who will establish procedures for budget control and reporting throughout the district. All moneys received by the school district shall be disbursed only for the purposes for which they are levied, collected or received.

The total amounts that may be expended during the fiscal year for the operation of the school district are set forth in the budget. The total budgeted expenditure for each fund is the maximum amount that may be expended during the school year unless a budget transfer is recommended by the superintendent and approved by the board. No funds may be spent that are not authorized by the annual budget. If an unanticipated need arises, the board may approve the superintendent's recommendation to: 1) appropriate an amount to cover a needed expenditure from unencumbered budget surplus from the proper fund (superintendent approved or budget amendment presented to the board of education); or 2) revise the budget to transfer or supplement funds from one account to another as permitted by state laws. Recommendations brought to the board should include the expenditure and rationale, as well as an impact statement of the expenditure for the next three years, itemized by year, fund, activity and object.

The board will review the financial condition of the district monthly and shall require the superintendent to prepare a monthly reconciliation statement. This statement will show the amount expended during the month, total (to date) for the fiscal year, receipts and remaining balances in each fund. This statement will be used as a guide for projected purchasing and budget transfers.

In limited circumstances, it may be necessary for an expenditure to be incurred that has not been budgeted which exceeds an amount outlined in policy DJF (Purchasing) and requires a transfer of monies between accounts within a fund. The board will be notified in a timely manner regarding the transfer amount and the accounts which are affected.

Reserve Balances

The board of education will annually establish a minimum and a desirable reserve balance percentage upon the approval of the preliminary budget. Any expenditure causing balances to fall below the annually established minimum reserve balance will require approval by the board of education.

Based on the cash flow analysis, the desirable reserve balance percentage recommended is 20 percent with a minimum reserve balance of 15 percent.

Title I Comparability

Federal law requires districts to ensure that schools that receive Title I funds receive the same level of services and resources from state and local funds as schools that do not receive Title I funds. If the district has school buildings with more than 100 students and more than one building for each grade span, the district is required to annually conduct a comparability study between buildings that receive Title I funds and have more than 100 students and buildings that do not receive Title I funds and have more than 100 students. If all the district's schools receive Title I funds, the district must determine that services are, taken as a whole, substantially comparable in each school. The district may meet these requirements by comparing either grade spans or schools. The district will establish

comparability by ensuring:

1. That it has adopted a districtwide salary schedule;
2. Equivalence among schools in teachers, administrators and other staff; and
3. Equivalence among schools in the provision of curriculum materials and instructional supplies.

Alternatively, the superintendent or designee will complete an annual comparability study using the procedures and forms provided by the Department of Elementary and Secondary Education (DESE). If the superintendent or designee determines that services and resources are not comparable, the superintendent will notify the board and take steps to rectify the situation.

The data collected and compiled in the determination of comparability will be retained in accordance with the Public School Records Retention Schedule. The district will provide DESE with the appropriate assurances that the district is in compliance with the federal law.

Policy Reference Disclaimer: These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

State References

§§ 67.010-.110, RSMo.

Description

State Statute - <https://simbli.eboardsolutions.com/SU/slshVClyWU73Tdpv4JZYxrPDw==>

§165.021, RSMo

State Statute - <https://simbli.eboardsolutions.com/SU/slshVClyWU73Tdpv4JZYxrPDw==>

§165.051, RSMo

State Statute - <https://simbli.eboardsolutions.com/SU/slshVClyWU73Tdpv4JZYxrPDw==>

§165.091, RSMo

State Statute - <https://simbli.eboardsolutions.com/SU/slshVClyWU73Tdpv4JZYxrPDw==>

§165.131, RSMo

State Statute - <https://simbli.eboardsolutions.com/SU/slshVClyWU73Tdpv4JZYxrPDw==>

5 C.S.R. 20-100.125

State Regulation - <https://simbli.eboardsolutions.com/SU/slshZ8dS4plusrXCHwtLsPVVSCOW==>

MO COURT

Mercantile Bank of Illinois v. Sch. Dist. of Osceola, 834 S.W.2d 737 (Mo. 1992) - <https://simbli.eboardsolutions.com/SU/UbQL1xGtQpuhwEoCYu2lOw==>

Mo. Const. art.VI § 26

State Constitution - <https://simbli.eboardsolutions.com/SU/slshVClyWU73Tdpv4JZYxrPDw==>

MSIP References

Description

L-4

MSIP STANDARDS - <https://simbli.eboardsolutions.com/SU/zx66ZtXCyB4hKZEmfEnElw==>

Cross References

Description

ECB

BUILDING AND GROUNDS MAINTENANCE - <https://simbli.eboardsolutions.com/SU/y07xQKz3KMA0RseUFHeSPg==>