

701 ESTABLISHMENT AND ADOPTION OF CHARTER SCHOOL BUDGET

I. PURPOSE

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

II. GENERAL STATEMENT OF POLICY

The policy of the charter school 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 charter school.

III. REQUIREMENTS

- A. The charter school board of directors shall decide and is responsible for all decision making on policy matters related to operating the school, including budgeting, curriculum programming, personnel, and operating procedures.
- B. The board of directors must establish a finance committee that meets regularly and includes at least one member of the school's board. The committee must review and provide recommendations to the board on matters related to financial health and best practices, which may include but are not limited to financial strategy, enrollment tracking, budgeting and planning, internal controls and compliance, revenue generation, financial conflicts of interest, audits and financial reporting, regular finance statements and transactions, and authorizer finance related requirements in the charter contract.

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 its designated committee or committees. When projected expenditures exceed projected revenues, the school board may consider use of an available fund balance, if one exists.

- C. Expenditures shall be reported in compliance with Minnesota Statutes, section 123B.76.
- D. Prior to July 1 of each year, the charter school board must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall 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 charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, management agreements with a charter management organization or educational management organization, academic performance, innovative practices and implementation, and future plans.

The charter school may combine this report with the reporting required under Minnesota Statutes, section 120B.11 governing comprehensive achievement and civic readiness. The charter school must post the annual report on the school's official website. The charter school also must distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under Minnesota Statutes, chapter 13.

IV. IMPLEMENTATION

- A. The charter 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 the executive director 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 Charter schools (UFARS).
- C. The executive director or the executive director'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 charter school's annual budget must be sufficient for continuing to implement the plan required Minnesota Statutes, section 120B.11
- F. The charter school 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. Ch. 13 (Government Data Practices)
Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement Goals; Striving for Comprehensive Achievement and Civic Readiness)
Minn. Stat. § § 124E.03 (Applicable Law)
Minn. Stat. § 124E.07 (Board of Directors)

Cross References: MSBA/MASA Model Policy 701.1 (Modification of School District Budget)
MSBA/MASA Model Policy 702 (Accounting)