

SECTION E **BUDGETING**

Budgeting is an essential element of the financial planning, control, and evaluation processes of governments. Every school district shall prepare annual budgets covering all of its funds except those funds properly classified as Agency Funds and Private Purpose Trust Funds.

Annual operating budgets are plans of current expenditures and the proposed means of financing them. Annual operating budgets are the primary means by which most of the financing, acquisition, spending, and service delivery activities of a school district are legally controlled. The use of annual operating budgets is prescribed by state law. Annual operating budgets are essential to sound financial management.

The annual operating budgets shall be viewed both (1) as a collection of separate legal budgets for individual funds and (2) as a comprehensive planning and control device for the government as a whole. School boards shall formally adopt annual operating budgets for individual funds to establish legal authorization for their spending.

Annual operating budgets shall be prepared in conformity with GAAP.

Formal Budgetary Integration

Budgetary accounts reports estimated amounts. They are thus quite different from actual accounts which report actual revenues, expenditures, assets, liabilities, and fund equity amounts.

Budgetary accounts are used to record the legally adopted annual operating budgets. Budgetary accounts are recorded in the general ledger to facilitate control over school district revenues and expenditures during the year. If the legally adopted budget is not amended, budgetary account balances remain unchanged until the end of the accounting period. If the budget is amended, appropriate revisions are posted to the affected budgetary accounts. When their interim managerial control purposes are served, the balances of budgetary accounts are eliminated in the process of closing the books at year-end by reversing the entry(ies) which recorded them.

The formal integration of budgetary accounts into the general ledger affects internal management decision making during the year and the form and content of interim budgetary comparison financial statements. Budgetary accounts have no effect on the measurement of actual revenues and expenditures or the reporting of actual results of operations in annual GAAP financial statements.

Encumbrances

Encumbrance accounting is a logical extension of the management control technique of formal budgetary integration. Encumbrances are purchase orders or other commitments for goods which have not yet been provided or for services which have not yet been rendered. Encumbrances become expenditures and liabilities only when, and if, goods are actually provided or services actually rendered. In encumbrance accounting, encumbrances are formally recorded in the general ledger as budgetary accounts.

Formal budgetary integration helps to assure that total actual expenditures do not exceed appropriations. Formal budgetary integration combined with encumbrance accounting helps to assure that total actual expenditures plus related commitments do not exceed appropriations. Encumbrance accounting alerts school district managers to the fact that a particular purchase order, if filled by the vendor, could result in the over expenditure of an appropriation. Encumbrance accounting also facilitates effective cash planning and control.

The use of encumbrance accounting is at the option of the school district. However, its use is highly recommended.

Public Hearings

Public school districts are required to provide at least one public hearing on the proposed budget. This hearing is required to be held at least one week prior to adoption of the budget by the school board. Following is a suggested time table of events with explanations of procedures which should be completed by all public school districts:

February 1 - April 30	Prepare the Budget
1st Week of May	Advertise for Public Hearing
2nd Week of May	Advertise for Public Hearing
3rd Week of May	Advertise for Public Hearing
4th Week of May	Hold the Public Hearing
3rd Week of June	Board Adopts Budget
Month of July	Publish Synopsis of Budget in the Local Newspaper
By August 15	Provide Two Copies of Budget to the Board of Supervisors/Aldermen
By August 15	Furnish Information to the Mississippi Department of Education on Prescribed Forms

Budget Formats

The budget formats which follow are to be prepared by each school district in formalizing its annual budget. These formats are prescribed by the State Auditor's Office. A school district may use computer printouts provided they contain the same information as the prescribed forms. A separate budget is required for each individual fund within each generic fund type, with the exception of Agency Funds and Private Purpose Trust Funds.

As required by Section 37-61-19, Miss. Code Ann. (1972), the approved combined budget and combining budgets for each fund type are to be reflected in the board minutes or an addendum to the board minutes. The original and amended budgets shall be signed and dated by the board president and secretary. Signed copies of all approved budgets must be filed for safekeeping and audit review.

Budgeting by Location

Each school district is required to budget by operational unit (school location code) for the following:

Funds 1000 to 3999 Using Expenditure Functions 1000 to 2490

For Title I budgets, districts are required to use operational units codes for all expenditure functions. Incorporating operational units in the budgets of other expenditure functions is optional.

_____ School District

Original _____

Date Approved: _____

Combined Budget

Amended _____

Date Approved: _____

For the Year Ending June 30, 20____

	<u>Governmental Fund Types</u>					<u>Proprietary Fund Types</u>	<u>Internal Service</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent Trust</u>	<u>Enterprise</u>		
Revenues:								
Local sources	_____	_____	_____	_____	_____	_____	_____	_____
Intermediate sources	_____	_____	_____	_____	_____	_____	_____	_____
State sources	_____	_____	_____	_____	_____	_____	_____	_____
Federal sources	_____	_____	_____	_____	_____	_____	_____	_____
Sixteenth section sources	_____	_____	_____	_____	_____	_____	_____	_____
Total Revenues	_____	_____	_____	_____	_____	_____	_____	_____
Expenditures								
Instruction	_____	_____	_____	_____	_____	_____	_____	_____
Support services	_____	_____	_____	_____	_____	_____	_____	_____
Noninstructional services	_____	_____	_____	_____	_____	_____	_____	_____
Sixteenth section	_____	_____	_____	_____	_____	_____	_____	_____
Facilities acquisition and construction	_____	_____	_____	_____	_____	_____	_____	_____
Debt service:	_____	_____	_____	_____	_____	_____	_____	_____
Principal	_____	_____	_____	_____	_____	_____	_____	_____
Interest	_____	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____	_____
Total Expenditures	_____	_____	_____	_____	_____	_____	_____	_____
Excess(deficiency) of revenues over expenditures	_____	_____	_____	_____	_____	_____	_____	_____

_____ School District

Original _____

Date Approved: _____

Combined Budget

Amended _____

Date Approved: _____

For the Year Ending June 30, 20____

	<u>Governmental Fund Types</u>					<u>Proprietary Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent Trust</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Other Financing Sources (Uses)								
Proceeds of General Obligation Bonds	_____	_____	_____	_____	_____	_____	_____	_____
Proceeds of Refunding Bonds	_____	_____	_____	_____	_____	_____	_____	_____
Proceeds of Loan(s)	_____	_____	_____	_____	_____	_____	_____	_____
Inception of Capital Lease(s)	_____	_____	_____	_____	_____	_____	_____	_____
Insurance Loss Recoveries	_____	_____	_____	_____	_____	_____	_____	_____
Sale of Transportation Equipment	_____	_____	_____	_____	_____	_____	_____	_____
Sale of Other Property	_____	_____	_____	_____	_____	_____	_____	_____
Insurance loss recoveries	_____	_____	_____	_____	_____	_____	_____	_____
Payment to Refunded Bond Escrow Agent	_____	_____	_____	_____	_____	_____	_____	_____
Operating transfers in	_____	_____	_____	_____	_____	_____	_____	_____
Operating transfers out	_____	_____	_____	_____	_____	_____	_____	_____
Other financing sources	_____	_____	_____	_____	_____	_____	_____	_____
Other financing uses	_____	_____	_____	_____	_____	_____	_____	_____
Total Other Financing Sources (Uses)	_____	_____	_____	_____	_____	_____	_____	_____
Net Change in Fund Balances	_____	_____	_____	_____	_____	_____	_____	_____

Date Approved: _____

Date Approved:

	<u>Governmental Fund Types</u>					<u>Proprietary Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent Trust</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Fund Balance / Retained Earnings								
July 1, 20__								
Prior period adjustments:								
Reclassify fund equity								
Unrecorded Fund Equity								
Reclassify fund types								
July 1, 20__, as restated								
Increase (decrease) in reserve for inventory								
June 30, 20__								

Board President: _____ (signature) Date: _____
 _____ (printed name)

Board Secretary: _____ (signature) Date: _____
 _____ (printed name)

_____ School District _____ Original _____ Date Approved: _____
Combining Budget for : _____ Fund Type _____ Amended _____ Date Approved: _____
For the Year Ending June 30, 20____

	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	Total
Revenues:								
Local sources	_____	_____	_____	_____	_____	_____	_____	_____
Intermediate sources	_____	_____	_____	_____	_____	_____	_____	_____
State sources	_____	_____	_____	_____	_____	_____	_____	_____
Federal sources	_____	_____	_____	_____	_____	_____	_____	_____
Sixteenth section sources	_____	_____	_____	_____	_____	_____	_____	_____
Total Revenues	_____	_____	_____	_____	_____	_____	_____	_____
Expenditures								
Instruction	_____	_____	_____	_____	_____	_____	_____	_____
Support services	_____	_____	_____	_____	_____	_____	_____	_____
Noninstructional services	_____	_____	_____	_____	_____	_____	_____	_____
Sixteenth section	_____	_____	_____	_____	_____	_____	_____	_____
Facilities acquisition and construction	_____	_____	_____	_____	_____	_____	_____	_____
Debt service:								
Principal	_____	_____	_____	_____	_____	_____	_____	_____
Interest	_____	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____	_____
Total Expenditures	_____	_____	_____	_____	_____	_____	_____	_____
Excess(deficiency) of revenues over expenditures	_____	_____	_____	_____	_____	_____	_____	_____

_____ School District _____ Original _____ Date Approved: _____
Combining Budget for : _____ Fund Type _____ Amended _____ Date Approved: _____
For the Year Ending June 30, 20____

	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	Total
Other Financing Sources (Uses)								
Proceeds of General Obligation Bonds								
Proceeds of Refunding Bonds								
Proceeds of Loan(s)								
Inception of Capital Lease(s)								
Insurance Loss Recoveries								
Sale of Transportation Equipment								
Sale of Other Property								
Insurance loss recoveries								
Payment to Refunded Bond Escrow Agent								
Operating transfers in								
Operating transfers out								
Other financing sources								
Other financing uses								
Total Other Financing Sources (Uses)								
Net Change in Fund Balances								

_____ School District
 Combining Budget for : _____ Fund Type
 For the Year Ending June 30, 20____

Original _____ Date Approved: _____
 Amended _____ Date Approved: _____

	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	Total
Fund Balance / Retained Earnings								
July 1, 20__								
Prior period adjustments:								
Reclassify fund equity								
Unrecorded Fund Equity								
Reclassify fund types								
July 1, 20__, as restated								
Increase (decrease) in reserve for inventory								
June 30, 20__								

The above _____ (Original/Amended) combining budget has been approved by the school board as noted in our
 board minuted dated _____.

Board President: _____ (signature) Date: _____
 _____ (printed name)

Board Secretary: _____ (signature) Date: _____
 _____ (printed name)

School District

Individual Fund Budget

Original

Date Approved:

(Fund Name)

For the Year Ending June 30, 20

Amended

Date Approved:

Local Sources

AMOUNT

Tax Revenues:

1120 Ad Valorem Taxes From Local Governmental Units Other Than the LEA

1190 Other Taxes

Revenue From Local Governmental Units Other Than LEAs:

1210 Revenue in Lieu of Taxes

Tuition:

1310 Tuition From Individuals

1320 Tuition From Other LEAs Within the State

1330 Tuition From Other LEAs Outside the State

1340 Tuition From Other Sources

Transportation Fees:

1410 Transportation Fees From Individuals

1420 Transportation Fees From Other LEAs Within the State

1430 Transportation Fees From Other LEAs Outside the State

1440 Transportation Fees From Other Sources

Earnings on Investments: [NOTE: Does not include Sixteenth Section Fund revenue.]

1510 Interest on Investments

1520 Interest on Cash and Other Deposits

1530 Net Increase(Decrease) in FMV of Investments

1540 Gains or Losses on Sale of Investments

Child Nutrition:

Reimbursable Programs - Daily Sales:

1611 Daily Sales - School Lunch Program

1612 Daily Sales - School Breakfast Program

1613 Daily Sales - Special Milk Program

Non-reimbursable Programs - Daily Sales:

1621 Daily Sales - Adult

1622 Daily Sales - Extra Food Sales

1630 Special Functions

1640 Inspection / Function Description:

Student Activities:

1711-1719 Admissions

1721-1729 Bookstore Sales

1731-1739 Fees (extracurricular)

1791-1799 Other Student Activity Revenue

Revenue From Community Services Activities:

1800 Revenue From Community Services Activities

Individual Fund Budget

(Fund Name)

For the Year Ending June 30, 20__

Other Revenue From Local Sources:

- 1910 Rentals
- 1920 Contributions and Donations From Private Sources
- 1930 Gains or Losses on Sale of Fixed Assets
- 1940-1949 Instructional Fees and Sales to Students
- 1950 Services Provided Other LEAs
- 1970 Services Provided Other Funds
- 1980 Refund of Prior Year's Expenditures
- 1991 Revenue From Gaming
- 1999 Miscellaneous

Total Local Source Revenues

Intermediate Sources

- 2000 Revenue from Intermediate Sources

Total Intermediate Source Revenues

State Sources

Unrestricted Grants-in-aid:

- 3110 Homestead Exemption Reimbursement
- 3120 Severance Tax
- 3130 Chickasaw Funds
- 3140 Driver Education Funds
- 3150 Minimum Program and Per Capita
- 3160 School Ad Valorem Tax Reduction Fund
- 3190 Other Unrestricted Grants-in-aid

Restricted Grants-in-aid:

- 3210 Education Enhancement Fund
- 3211 MAEP Funds
- 3212 Technology in the Classroom
- 3215 Textbook Funds
- 3220 Vocational and Technical Education
- 3230 Public School Building Fund
- 3240 Adult Education
- 3250 Child Nutrition
- 3260 Uniform Millage Assistance
- 3270 Educable Children
- 3280 Education Reform Act
- 3290 Other Restricted Grants-in-aid

Revenue in Lieu of Taxes:

- 3810 Rail Cars
- 3820 Heavy Trucks
- 3830 Rental Cars

Revenue for/on Behalf of the LEA

- 3900 Revenue for/on Behalf of the LEA

Total State Source Revenues

Individual Fund Budget

(Fund Name)

For the Year Ending June 30, 20____

Federal Sources

Unrestricted Grants-in-aid Direct From the Federal Government:

4110 Wildlife Refuge

4120 E-Rate

4130 Impact Aid - Maintenance and Operation

4190 Other unrestricted grants-in-aid

Unrestricted Grants-in-aid From the Federal Government Received Through the State

4210 Flood Control

4220 Mineral Leases

4230 CHIPS Program

4290 Other unrestricted grants-in-aid

Restricted Grants-in-aid Direct From the Federal Government:

4310 Impact Aid - Construction (P.L. 81-815)

4390 Other restricted grants-in-aid

Restricted Grants-in-aid From the Federal Government Received Through the State or Other Pass-through Grantors:

4401 Title III - Goals 2000

4403 Title III - Language Instruction for LEP & Immigrant

4405 Title I

4406 Migrant Education

4408 State Assessments

4410 Title VI

4414 Title V - A - Innovative Programs

4415 Social Services

4420 Special Education

4430 Adult Education

4435 Vocational Education

4437 Tech-Prep Education

4440 Title IV

4445 Technology Literacy Challenge

4451 USDA Reimbursement - School Breakfast Program

4452 USDA Reimbursement - National School Lunch Program

4453 USDA Reimbursement - Summer Food Service Program

4454 Donated Commodities

4455 Extended Day Reimbursement

4456 FDC Homes Pass-through Funds

4457 FDC Homes Administrative Funds

4460 Title II

4470 Job Training Partnership Act (JTPA)

4472 School to Careers

4473 Education for Homeless Children & Youth (Title X-C)

4474 CDC - Comprehensive School Health, HIV/AIDS

4475 21st Century

4476 Class Size Reduction

4480-4499 Other restricted grants-in-aid

Revenue in Lieu of Taxes:

4510 TVA

4520 National Forest

4590 Other revenue received in lieu of taxes

Revenue for/on Behalf of the LEA

4900 Revenue for/on Behalf of the LEA

Total Federal Source Revenues

Individual Fund Budget

_____ (Fund Name)

For the Year Ending June 30, 20____

Sixteenth Section Sources

Rents and Leases:

5110 Surface Leases _____

5120 Mineral Leases _____

5130 Hunting Leases _____

Sale of Timber and Forest Products:

5200 Sale of Timber and Forest Products _____

Sales of Other Assets:

5310 Oil and Gas Royalties _____

5320 Sale of Other Nonrenewable Resources _____

5330 Easements and Rights-of-way _____

5340 Other Sales _____

Pro rata Revenue From Other Districts:

5400 Pro rata Revenue From Other Districts _____

Permanent Damages to Trust Lands:

5500 Permanent Damages to Trust Lands _____

Earnings on Sixteenth Section Investments:

5600 Earnings on Sixteenth Section Investments _____

5630 Net Increase(decrease) in FMV of Investments _____

Cost-sharing Payments:

5700 Cost-sharing Payments _____

Other Sixteenth Section Revenues:

5900 Other Revenues _____

Total Sixteenth Section Source Revenues _____

TOTAL REVENUES _____