

## **SECTION E**                      **BUDGETING**

Budgeting is an essential element of the financial planning, control, and evaluation processes of school districts. Every school district shall prepare annual budgets covering all of its funds except those funds properly classified as Custodial 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. Budgeting is an invaluable tool for both planning and evaluation. 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 school district 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 general accepted accounting principles (GAAP).

### **Formal Budgetary Integration**

Budgetary accounts report 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.

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 business managers to the fact that a particular purchase order, if filled by the vendor, could result in the overspending of an expenditure in a budgetary account. Encumbrance accounting also facilitates effective cash planning and control.

The use of encumbrance accounting is at the option of the school district. Where feasible, a district should utilize its financial software to electronically support encumbrance accounting. The use of encumbrance accounting 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, with the exception of August 15<sup>th</sup>, which is a legally required date:

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 MS Code Section 37-61-9	Publish Synopsis of Budget in the Local Newspaper
By August 15  MS Code Section 37-61-9	Provide Two Copies of Budget to the Levying Authority
By August 15 MS Code Section 37-61-9	Furnish Information to the Mississippi Department of Education in Prescribed Format

## **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 Office of the State Auditor. A separate budget is required for each individual fund within each generic fund type, with the exception of Trust Funds.

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      Expenditure Function Codes 1000 to 2490

All federal program expenditures, regardless of the expenditure function code.

The use of operational unit codes for other funds not listed here is optional.

Combined Budget

Amended

Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_

	<u>Governmental Fund Types</u>					<u>Proprietary Fund Types</u>		
		Special	Capital	Debt	Permanent		Internal	
	<u>General</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Trust</u>	<u>Enterprise</u>	<u>Service</u>	<u>Total</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>Total</u>
	Special		Capital	Debt	Permanent	Internal		
	<u>General</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Trust</u>	<u>Enterprise</u>	<u>Service</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	_____	_____	_____	_____	_____	_____	_____	_____

\_\_\_\_\_ School District

Original

Date Approved: \_\_\_\_\_

Combined Budget

Amended

Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_\_

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	<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__	_____	_____	_____	_____	_____	_____		_____

The above \_\_\_\_\_ (Original/Amended) budget has been approved by the school board as noted in our board minutes dated \_\_\_\_\_.

Board President: \_\_\_\_\_ (signature)      Date: \_\_\_\_\_  
\_\_\_\_\_ (printed name)

Board Secretary: \_\_\_\_\_ (signature)      Date: \_\_\_\_\_  
\_\_\_\_\_ (printed name)

Combining Budget for: \_\_\_\_\_ Fund Type

Amended

Date Approved: \_\_\_\_\_

For the Year Ending June 30, 20\_

	_____	_____	_____	_____	_____	_____	_____	_____	Total
	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	(Fund Name)	
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	_____	_____	_____	_____	_____	_____	_____	_____	_____

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								





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 I 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

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 \_\_\_\_\_

4477 Restricted Cares Funds \_\_\_\_\_

4480 Other Restricted Grants-in-Aid \_\_\_\_\_

4499 \_\_\_\_\_

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\_\_

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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 \_\_\_\_\_