

BUS5 - Annual Operating Budget

B - Business

Annual Budget Development and Oversight

Purpose:

To outline the responsibilities and processes involved in the formulation, presentation, and oversight of the **District's Annual Budget**, ensuring resources are allocated to maximize educational opportunities for all students and maintaining compliance with Arizona statutory requirements.

Budget Formulation:

The **Superintendent** is directed to develop the District's **Annual Budget** in a manner that emphasizes the efficient and effective use of resources to enhance students' educational opportunities. The budgeting process shall reflect the District's commitment to:

- Providing quality education.
- Aligning financial planning with educational goals.
- Maintaining fiscal responsibility and accountability.

Budgetary Requests:

- The Superintendent shall review and evaluate budgetary requests from various departments and instructional units within the District.
- Guidelines and limitations will be provided to ensure that budget requests are realistic, aligned with District priorities, and financially sustainable.
- Special attention will be given to the needs of students and teachers, including necessary instructional materials, support services, and operational needs that directly impact learning outcomes.

Proposed Budget Presentation:

The Superintendent shall present the proposed budget, along with all supporting documentation, to the **Governing Board**. The presentation will include:

- A detailed explanation of the rationale behind budgetary allocations.
- A summary of how the budget supports the educational objectives of the District.
- Identification of any budget items that could impact future financial sustainability.

The Superintendent will also ensure that the Board receives:

- Comparative data on the prior year's budget, including a breakdown of actual versus projected expenditures.
- Projections of future costs associated with ongoing or new programs.
- Information on federal, state, and local funding sources.

Property Tax Levy Notification:

The **Governing Board** must be informed by the Superintendent if the proposed budget includes or could result in an increase in the **primary property tax levy** over the previous year's tax levy. This notice will include:

- The specific reasons for any proposed increase in property taxes.
- The anticipated impact on taxpayers within the District.
- Justification for the increase, demonstrating how the additional funds will benefit the District's educational mission.

The Superintendent shall ensure compliance with all notification and reporting requirements, including

providing the public with adequate notice of any proposed tax increases.

Budget Adoption Process:

The Governing Board shall study, review, and take action on the proposed budget. This includes:

- Holding any required public hearings for community input on the proposed budget.
- Ensuring that the budget aligns with the District's mission and objectives.
- Adopting the budget in compliance with state law by the required deadlines.

The final adopted budget shall be submitted to the **Arizona Department of Education** and other relevant state agencies as required by law. The budget will also be made publicly available, as required by the **Uniform System of Financial Records (USFR)**.

Monitoring and Reporting:

Throughout the fiscal year, the Superintendent will monitor the execution of the budget, ensuring that actual expenditures align with budgeted amounts. Regular financial updates shall be provided to the Board, including reports on:

- **Revenue and Expenditure Variances:** Any significant deviations from the approved budget.
- **Funding Sources:** Updates on federal, state, and local revenue streams.
- **Reserve Balances:** An analysis of the District's financial reserves and their adequacy to cover unforeseen expenses.

Legal Compliance:

The District's budgeting process shall adhere to all applicable laws and regulations, including those outlined in the **Arizona Revised Statutes (A.R.S.)** and the **Uniform System of Financial Records (USFR)**. The Superintendent shall ensure compliance with all state-mandated timelines and procedures for budget submission, approval, and amendments.

Legal References:

- **A.R.S. 15-821:** Budgeting requirements for school districts.
- **A.R.S. 15-905:** Provisions related to the preparation, review, and adoption of school district budgets.
- **A.R.S. 15-905.01:** Regulations on public hearings and budget revisions.
- **A.R.S. 15-910:** Rules concerning school district funds and expenditures.
- **A.R.S. 15-919:** Special budget provisions for certain programs or schools.
- **A.R.S. 15-2201:** Procedures related to financial reviews and compliance.

Budget Planning, Preparation, and Schedules

Purpose:

To ensure that the District's budget planning and preparation process is comprehensive, timely, and aligned with legal requirements, the Superintendent shall oversee the development of the annual budget and establish a schedule that outlines key steps and deadlines.

Budget Planning and Preparation:

Each school year, the **Superintendent** is responsible for coordinating the budget planning and preparation process for the upcoming fiscal year. This process will involve:

- Collaborating with various departments and instructional units to gather necessary budgetary requests and financial forecasts.
- Ensuring that budget allocations are aligned with the District's mission and strategic educational goals.
- Preparing a **budget preparation schedule** that clearly outlines the timeline for key actions required in the development of the District's annual budget.

Budget Preparation Schedule:

The **budget preparation schedule** will include, at a minimum, the following elements:

1. Initial Budget Planning Meetings:

- Early discussions with department heads, administrators, and financial officers to review priorities, anticipated revenues, and expenditures.

2. Collection of Departmental Requests:

- Setting deadlines for departments to submit their financial requests, including justifications for new programs, staffing needs, and equipment purchases.

3. Revenue Projections:

- Working with state, local, and federal agencies to project the District's revenue for the upcoming fiscal year, including **state aid, property taxes, and grant funding**.

4. Draft Budget Preparation:

- Deadlines for preparing a preliminary budget draft that reflects the District's priorities, revenue projections, and expenditure needs.

5. Public Notification:

- Meeting state-mandated timelines for notifying the public about the budget, including opportunities for public comment and hearings.

6. Governing Board Review and Adoption:

- Specific dates for **Governing Board review, study sessions**, and the **final adoption of the budget** in compliance with Arizona state laws.

7. Submission to State Agencies:

- Timely submission of the adopted budget to the **Arizona Department of Education** and other relevant state agencies as required by law.

Compliance with State-Mandated Deadlines:

The Superintendent shall ensure that the **budget preparation schedule** complies with all state-mandated deadlines, including those outlined in the **Arizona Revised Statutes**. These deadlines include:

- **Budget notification requirements:** Providing the public with access to budget information in advance of adoption.
- **Public hearings:** Allowing for public input on the proposed budget in accordance with state laws.
- **Submission deadlines:** Ensuring that the final budget is submitted to the **Arizona Department of Education** and other required agencies by the state-mandated deadlines.

The Superintendent shall provide the **Governing Board** with periodic updates throughout the budget planning process to ensure that all required actions are completed on schedule.

Legal Compliance:

The District's budget planning and preparation process will comply with the following legal requirements:

- **A.R.S. 15-824:** Governing budget planning, preparation, and implementation timelines.
- **A.R.S. 15-905:** Regulations on the preparation, adoption, and review of school district budgets.
- **A.R.S. 15-952:** Statutes on the funding and allocation of financial resources.
- **A.R.S. 15-991:** Requirements for tax levy and budget adoption processes.
- **A.R.S. 15-2203:** Guidelines for budgetary reporting and fiscal accountability.

Budget Planning, Preparation, and Schedules

Purpose:

To establish a clear, legally compliant, and organized process for the formulation and adoption of the District's annual budget, ensuring all actions necessary for budget preparation are taken in a timely manner.

Budget Planning and Preparation:

Each year, the **Business Manager** will create a **budget preparation schedule** for review and approval by the Superintendent. This schedule will specify deadlines for all necessary steps in the preparation of the budget for the upcoming school year, ensuring compliance with Arizona state laws.

Budget Preparation Schedule:

The schedule will include the following key elements:

1. Unit Budgets Submission:

- **Specific date** for receipt of unit budgets from administrators, ensuring that department heads and school administrators submit budget requests within the designated timeframe.

2. Initial Budget Meeting:

- **Date for an initial meeting** with appropriate staff members to review financial goals and constraints for the upcoming fiscal year.

3. Student Membership & Attendance Reports:

- **Dates for student membership and attendance reports** to assist in calculating funding allocations based on student enrollment.

4. Estimates for Maintenance and Operations (M&O) and Capital Budgets:

- **Date(s) for submitting estimates** on the M&O and capital budgets, ensuring that projected costs for maintenance, operations, and capital improvements are included.

5. Employee Compensation Consideration:

- **Date for completion** of employee compensation considerations, including salary adjustments and benefit proposals.

6. Financial Projections for Budget Categories:

- **Date for preparing financial projections** for all categories and subcategories to be included in the proposed budget, ensuring a comprehensive financial forecast for the upcoming fiscal year.

7. Truth in Taxation Requirements:

- **Date for determining** if the proposed budget exceeds the District's truth in taxation base limit as outlined in **A.R.S. 15-905.01**.
- If the base limit is exceeded, the District must decide whether to publish the **truth in taxation notice** separately or in combination with the proposed budget summary.
- Publication must occur **at least 10 days but not more than 20 days prior to the truth in taxation hearing**. The hearing can be held in conjunction with the budget hearing.

Budget Publication and Adoption Timeline:

1. By July 5:

- Publish or mail to each household in the District a copy of the proposed budget or a summary, along with notice of the public hearing and Board meeting.
- Submit the proposed budget and summary electronically to the **Superintendent of Public**

Instruction and County School Superintendent.

- Post the proposed budget to the **Arizona Department of Education** website, with a link from the District's website, if applicable.

2. By July 15:

- Conduct a **public hearing** to present the proposed budget and allow for public input.
- If required, conduct a **truth in taxation hearing** before the budget hearing.
- Immediately following the public hearing, the **Board President** will call the meeting to order for the formal adoption of the budget.

3. By July 18:

- Submit the **adopted budget** to the **County School Superintendent**, the **Superintendent of Public Instruction**, and the **Arizona Department of Education**.
- The Department will prominently display the adopted budget on its website, and the District will provide a link on its website to the Department's page.

4. Within 30 days of Budget Adoption:

- File with the **Superintendent of Public Instruction** an affidavit confirming that the proposed budget was published or mailed as required.

Override Elections:

If applicable, the following steps for **override elections** shall be included in the schedule:

1. Budget Hearing for Proposed Override:

- At least **90 days** before the proposed override election, the Board shall order the election and prepare both a proposed override budget and an alternative budget in case the override is rejected.

2. Informational Report Distribution:

- At least **35 days** before the override election, mail or distribute the required informational report to households where qualified electors reside.

3. Cancellation of Override Election:

- If the Board decides to cancel the override election, the request must be made to the **County School Superintendent** at least **80 days** before the scheduled election date.

Annual Financial Report:

1. By October 15:

- The **Superintendent** shall present the **Annual Financial Report** for the prior fiscal year to the Board and submit it electronically to the **County School Superintendent** and the **State Superintendent of Public Instruction**.

2. By November 15:

- The **Annual Financial Report** must be published either in a local newspaper, the official county newspaper, or by mailing to each household, or electronically via the Department of Education website, with a link posted on the District's website.

Legal Compliance:

This policy is governed by the following statutes:

- **A.R.S. 15-824**
- **A.R.S. 15-905**
- **A.R.S. 15-952**
- **A.R.S. 15-991**
- **A.R.S. 15-2203**

Budget Hearings and Reviews / Adoption Process

Purpose:

To outline the procedures for conducting budget hearings, reviewing the proposed budget, adopting the budget, and ensuring compliance with all legal requirements, including those pertaining to truth-in-taxation hearings when applicable.

Public Hearing and Notice Requirements:

1. Notice Publication:

- **At least 10 days prior to the public hearing** but not later than **July 5**, the Governing Board shall publish notice of the **public hearing** and the **Board meeting** at which the **proposed budget** will be presented. The notice shall be published in accordance with **A.R.S. 15-905**, and the Board shall ensure that it reaches the residents and taxpayers of the District.
- The proposed budget and notice must also be submitted to the **Arizona Department of Education**. The Department will prominently display the District's budget information on its website. If the District has its own website, a **link** to the Department's website with the budget information must be posted.

2. Truth-in-Taxation Requirements:

- If a **truth-in-taxation notice** and hearing is required under **A.R.S. 15-905.01**, the Board may choose to combine the **truth-in-taxation hearing** with the **budget hearing**.
- The **publication of the combined notice** must meet the legal requirements for both **A.R.S. 15-905** (budget notice) and **A.R.S. 15-905.01** (truth-in-taxation notice).
- Publication must occur **at least 10 days but not more than 20 days prior** to the truth-in-taxation hearing.

Public Hearing and Board Meeting:

1. Date and Conduct of Public Hearing:

- The **public hearing** to present the proposed budget to the residents or taxpayers must be held **no later than July 15**.
- During the hearing, the Board will provide a detailed presentation of the **proposed budget**, allowing for questions and comments from the public.

2. Board Meeting for Budget Adoption:

- Immediately following the public hearing, the **Board President** shall call to order the **Board meeting** for the formal adoption of the budget.
- **Board members** are allowed to participate in the adoption of the final budget even if they have a **substantial interest** in specific items, as this does not create a **conflict of interest** under the law.

Budget Adoption:

1. Adoption Process:

- After the hearing, the **Board** shall vote to adopt the budget. The adopted budget must be entered into the **Board's minutes** as the official record of approval.

2. Submission of Adopted Budget:

- By **July 18**, the **adopted budget** must be submitted electronically to the **Arizona Department of Education**, which will prominently display the budget information on its website. If the District has a website, it must post a **link** to the Department's website showing the District's budget

information.

3. Filing Requirements:

- The filing of the budget must be completed in accordance with all **state laws**, including timely submission to the appropriate authorities as required by **A.R.S. 15-903, 15-905**, and other relevant statutes.

Exceeding Categorical Budgets:

1. Revisions Due to Exceeding Limits:

- If the Governing Board receives notice from the **Arizona Department of Education** or other authorities that one or more of the District's **categorical budgets** (e.g., maintenance and operations, capital outlay) are in excess of authorized limits, the Board shall immediately revise the affected budget(s) in compliance with **A.R.S. 15-905**.

2. Adjustment Process:

- The Superintendent shall present revised budget recommendations to the Board for approval. Revised budgets must be filed as prescribed by law, ensuring the District remains within its authorized spending limits.

Legal References:

This policy adheres to the following Arizona Revised Statutes (A.R.S.):

- **A.R.S. 15-903** – Budget submission requirements
- **A.R.S. 15-905** – Budget forms, procedures, and hearing notices
- **A.R.S. 15-905.01** – Truth in taxation
- **A.R.S. 15-911** – Adoption of budgets and tax levies
- **A.R.S. 15-915** – Procedures for revising budgets in the event of exceeding authorized limits

Budget Implementation

Purpose:

To ensure that the District's budget is implemented effectively and in accordance with the adopted budget, providing regular financial oversight and accountability.

Quarterly Financial Reports:

1. Report to the Board:

- A **quarterly report** detailing **expenditures** and **revenues** shall be prepared and presented to the Governing Board. This report will help ensure that all financial activities align with the **adopted budget**.

2. Variance Monitoring:

- The quarterly report shall include any **variances** within **budget categories**. The Board shall review these variances to determine if any adjustments or actions are necessary to stay within budget limits.

Board Approval for Expenditures:

1. Excess Expenditures:

- Any expenditure that exceeds a **major subsection** of the **maintenance and operation (M&O) budget** will require prior **Board approval**. This ensures that all significant deviations from the planned budget are monitored and managed appropriately.

2. **Approval Process:**

- The Superintendent will notify the Board of any necessary adjustments to the budget for exceeding limits and present recommendations for approval. All adjustments must be in line with **A.R.S. 15-905**.

Legal References:

This policy adheres to the following Arizona Revised Statutes (A.R.S.):

- **A.R.S. 15-905** – Budget requirements, forms, and procedures for managing expenditures in excess of budget limits.

Budget Transfers

Purpose:

To establish a process for transferring budgeted funds within the District's maintenance and operation (M&O) section to ensure financial flexibility while maintaining compliance with state regulations.

Reconciliation of Budget and Actual Expenditures:

1. **Periodic Reconciliation:**

- The District's budget shall be reconciled periodically throughout the year to reflect **actual expenditures**. This ensures that budget allocations are adjusted as needed to align with the financial reality of the District's operations.

Board Authorization for Transfers:

1. **Transfer of Funds within the M&O Budget:**

- The **Governing Board** may authorize the transfer of monies within the **maintenance and operation (M&O)** section of the budget to cover expenditures in excess of the amounts initially specified in the adopted budget.

2. **Public Meeting Requirement:**

- Such transfers may only be approved by the Board during a **public meeting**, ensuring **transparency** and compliance with the Arizona open meeting laws.

3. **Budgetary Compliance:**

- The total **expenditures** for all subsections within the M&O section must not exceed the total amount budgeted for the section. Transfers will be made in accordance with **A.R.S. 15-905** to ensure legal compliance.

Legal References:

This policy complies with the following Arizona Revised Statutes (A.R.S.):

- **A.R.S. 15-905** – Governing budget adjustments and transfers within budget sections.

Budget Format

Purpose:

To outline the format and content requirements for the District's budget as prescribed by the Superintendent of Public Instruction in conjunction with the Auditor General, ensuring transparency, accountability, and compliance with state laws.

Budget Format:

1. **Prescribed Format:**

- The District shall use the **budget format** prepared and prescribed by the **Superintendent of Public Instruction** in collaboration with the **Auditor General**. The format is structured to help school districts **plan and detail** the use of available funds.

2. **Transparency in Spending:**

- The District shall prominently post on its website home page the **profile pages** that display the **percentage of every dollar spent in the classroom** from the most recent Auditor General's report. This reflects the District's efforts to maximize resources directly impacting student learning and instruction.

3. **Additional Categories for Reporting:**

- In addition to the **dollars spent in the classroom**, the District may choose to include the categories of **Instructional Support** and **Student Support**. This will provide a more accurate representation of the funds spent on resources that directly impact teaching and learning outcomes.

Required Information for the Budget:

In compliance with statute, the District's budget format shall also include the following information:

A. Pupil-Teacher and Pupil-Staff Ratios:

- A statement identifying the **proposed pupil-teacher ratios** and **pupil-staff ratios** related to the provision of special education services for the budget year.

B. Certificated Employees:

- A statement identifying the number of **full-time equivalent certificated employees** for the District.

C. Teacher Salary Information (Prominent Display on District Website):

- The **average salary** of all teachers employed by the School District for the current year.
- The **average salary** of all teachers employed by the School District for the previous year.
- The **dollar increase** in the average salary of all teachers employed by the School District for the current year.
- The **percentage increase** in the average salary of all teachers employed by the School District for the current year.

The above Items (C through F) must be prominently displayed on the District's website, separate from the budget.

Legal References:

This policy complies with the following Arizona Revised Statutes (A.R.S.):

- **A.R.S. 15-271** – Financial and budget reports.
- **A.R.S. 15-302** – Powers and duties of the governing board.
- **A.R.S. 15-903** – Budget requirements and procedures.
- **A.R.S. 15-977** – Classroom Site Fund.
- **A.R.S. 15-991** – Budget levies and tax rates.
- **A.R.S. 41-1279.03** – Auditor General's duties and reports.