

ANNUAL BUDGET

FORMULATION, DEVELOPMENT AND IMPLEMENTATION

PURPOSE:

This policy is established to set forth the School Committee expectations regarding the formulation, development and implementation of the School Department's annual budget.

PHILOSOPHY:

The School Committee acknowledges its obligation and responsibility, as stated in State Law and the Town Charter, to assure that the School Department conducts an educational program which meets the needs of the community while at the same time operates within the constraints of a sound and balanced annual budget that complies with local and state laws RIGL 16-2-21, 16-2-21.4 and 16-2-9.4. To this end, the School Committee sets forth this policy.

POLICY STATEMENTS:

1. Budget Formulation and Development:

Each year the Superintendent shall formulate a tentative budget for the ensuing school year. In the preparation of this tentative budget, the Superintendent shall, to the extent feasible, confer with employed personnel and with other public groups so as to make the tentative budget as nearly as possible an expression of interests of all concerned.

The Superintendent shall submit a tentative budget, together with appropriate support data/evidence, to the School Committee in January. Following receipt thereof, the School Committee shall schedule the necessary number of School Committee Work Sessions to review and finalize a budget to be submitted to the Town Manager for approval by the Town Council.

The Budget to be submitted to the School Committee shall include, but not necessarily be limited to:

- a. The proposed expenditures shall be based upon the standard accounting classifications established by the State Department of Education and the North Kingstown Town Manager. Further, the recommended budget spending levels shall reflect expenditures which are in keeping with prior year expenditure activity and budget year anticipated activity.
- b. The proposed budget shall include line item budget figures of the current school year along with anticipated end of year expenditures, and a budget category listing of actual expenditures for each of the two preceding school years.
- c. The budget shall conform to RIGL 16-2-9.4f which requires the document include at a minimum, budget information at the UCOA Program and Location levels; and that the document also be posted on the School Departments website and updated as needed.

- d. Revenues are not expected to be addressed in the Superintendent or School Committee recommended budgets, rather revenues will be worked out at a later date by and between the School Department and the Town Manager/Town Council when a more accurate reading can be made of revenue projections by the State and the local community. Nevertheless, budget expenditure recommendations should represent good projected judgment in anticipation of the need for the ultimate reconciliation between recommended expenditures and approved revenues.
- e. The Superintendent, with support from appropriate members of the administrative staff, shall be prepared to provide the School Committee with rationale and explanation for budget line increases/decreases and further support data deemed by the School Committee to be necessary to support a recommendation(s).

2. The Budget As a Spending Plan

The budget shall be considered as a controlled spending plan for the ensuing school year. The Superintendent is hereby authorized to make expenditures and commitments in accordance with the approved budget and in harmony with the specific policies of the School Committee, and also include administrative regulations approved by the Committee.

3. Classification of Expenditures:

- a. Expenditures shall be budgeted under those categories which most accurately describe the purpose for which such monies are to be or have been spent and in accordance RIDE guidance.
- b. Accounting for all expenditures and revenues shall follow the Uniform Chart of Accounts per RIGL 16-2-9.4.

4. Maintaining a Balanced Budget that complies with RIGL 16-2-21.4:

- a. The district's budget shall be a balanced budget upon adoption.
- b. The budget shall be so maintained through the fiscal year so as to arrive at a balanced (or surplus) position at year's end.
- c. The Superintendent will also periodically propose to the School Committee strategies for managing the fiscal affairs of the school district.
- d. Should actual or projected revenues fall short of anticipated amounts, the Superintendent shall either take action to maintain a balance if the amount is minor, or recommend and seek from the School Committee a decision on options which will maintain a balance if the shortfall is major.

5. Reporting the use of funds:

A. Fund Definitions:

Fund Balance: Fund balance is the difference between assets and liabilities in governmental funds (i.e. general fund, special revenue funds, capital project funds, debt service funds and permanent funds).

Non-Spendable Fund Balance: The Amount of a fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact (i.e. prepaid expenses, inventory, fixed assets, endowment principal, etc.).

Restricted Fund Balance: The amount of a fund balance that can only be spent on specific expenses due to constraints on the spending because of legal restrictions, outside party creditors, and grantor/donor requirements (i.e. debt service fund balances, bond fund balances, grants and donations with specific spending constraints).

Committed Fund Balance: The amount of a fund balance that includes the portion of the spendable fund balance but has constraints on the spending that the School Committee has imposed upon itself by a formal action of the School Committee. This constraint must be imposed prior to a fiscal year end, but the specific amount may be determined at a later date. (i.e. Cafeteria Fund support)

Assigned Fund Balance: The amount of a fund balance that includes the portion of the spendable fund balance that reflects funds intended to be used by the government for specific purposes assigned by information operational planning (as an example capital goods replacement, annual technology budget replacement, etc.). The assigned fund balance represents a “plan” for spending the amount, but it is not restricted or committed. The authority to “assign” fund balance is designated to the Business Manager.

Assigned Fund Balance also refers to the amount of a fund balance that is in the General Fund and includes all spendable amounts that are not otherwise contained in the classifications listed above, and therefore, not subject to any constraints or intended use. Unassigned amounts are available for any purpose. These are the current resources available for which there are no external or self-imposed limitations or set spending plan. Although there is generally no set spending plan for the unassigned portion, there is a need to maintain a certain funding level. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received.

1. At the end of each fiscal year, the District will report the portion of the Assigned fund balance. In addition, the District shall have a goal of an unassigned fund balance of no less than 1% to 2% of total General Fund Budgeted Operating Expenditures in order to accommodate unanticipated expenditures and/or emergencies.

B. The North Kingstown School District shall, when possible, expend funds beginning with those funds that have the highest level of restriction first, and will spend those funds with the lowest level of restriction last.

- a. It shall be the Chief Operating Officer’s responsibility to ensure that the District’s expenditures are appropriately classified based on the restrictions (both external and internal) of the revenue and fund balance(s) in accordance with the definitions listed above.

Example: In a special revenue fund that has a restricted fund balance or revenue stream, and the requirement for a cash match, the restricted fund balance must be spent (in accordance with the stipulated requirements) and the cash match of local, unassigned funds must be spent second.

6. Utilization of Students to Disseminate Positional Statements Regarding a Proposed School Budget:

While the School Committee acknowledges that it is appropriate to utilize students in its public information program when its intent is to inform parents/community of the educational program or matters relating to the safety or social welfare of the students, the

School Committee prohibits the utilization of students for the dissemination of supportive or opposition statements in reference to the School Committee budget. This policy statement however, is not intended to prohibit the discussion of the budget or any other matter which could be deemed "controversial" by students or any other staff member under rights guaranteed them under the First Amendment to the United States Constitution.

Adoption: 2/10/58

Amended: 9/6/77; 4/16/84; 7/5/89; 10/2/89; 4/2/96; 1/21/04; 6/28/2011; 3/24/15; 4/24/18