I. PURPOSE
The purpose of this policy is to establish levels of authority and guidance for the establishment of the school district’s operating budget containing its revenue and expenditures for each fiscal year in accordance with Chapter 115, Laws of New Mexico 2010.

II. GENERAL STATEMENT OF POLICY
It is the policy of this school district to establish and administer its operating 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 the district’s legal responsibilities in providing educational programs, school board goals, and the priorities of the school district. The budget development process shall seek and encourage substantial opportunity for parent, community member, school board, and employee participation in recommending budget priorities.

III. REQUIREMENT
A. Each year the superintendent or another school official designated by the superintendent shall prepare preliminary operating budgets for review by the school board or its designated committee or committees. The preliminary budgets shall be accompanied by such written commentary as may be necessary to explain the budgets and processes to the board and the public. The school board shall review the projected revenues and expenditures for the school district for the next fiscal year and make such adjustments in the operating budget as necessary to carry out the education program within the revenues projected. The school board shall review the proposed budget to insure that resources are assigned to support and accomplish the strategic plan of the school district. The proposed operating budget shall be submitted to the Public Education Department by April 15 of each year unless such time has been extended by the Secretary of the Department.

B. The school board shall provide general guidance and specific priorities to the administration at the beginning of the budget cycle. Additional budgetary guidance should be provided by the school board throughout the budgeting process.

C. The school board shall appoint a finance subcommittee of the school board that is comprised of two (2) school board members. The finance subcommittee shall make recommendations to the school board concerning financial planning, review of financial statements and periodic monitoring of revenue and expenditures, annual budget preparation and oversight, and procurement. The subcommittee shall serve as an external monitoring subcommittee on budget and other financial matters.

D. The school board shall appoint a school district audit committee that is comprised of two school board members, one volunteer who is a parent with a student currently enrolled in the
school district, one volunteer who has accounting or financial management experience, the superintendent (ex-officio member), and the executive director of finance (ex-officio member). The school district audit committee is responsible for evaluating the request for proposals for annual audit services, recommending the selection of the financial auditor, attending the entry and exit conferences of the audit, meeting monthly with the auditor during the audit field work, tracking and reporting progress on the most recent audit findings, advising the school board on policy changes, and providing other financial advice and assistance as requested by the school board. All members of the audit committee shall be subject to the same requirements regarding the confidentiality of audit information as those imposed upon the local school board by the Audit Act and rules of the state auditor.

E. To prepare budget projections for the ensuing fiscal year, the school district should develop underlying assumptions in forecasting sources and uses of funds. As outlined below, particular attention is to be given to fund balance.

1. The school district should provide its best estimate of the end-of-year fund balances to be carried forward to the ensuing year as a beginning fund balance(s) including a projection of accounts payable and receivable, expenditures and revenues for the remaining portion of the current budget year.

2. A budget adopted shall not provide for expenditures, inter-fund transfers, or reserves in excess of available revenues and beginning fund balance(s).

3. If any portion of the beginning fund balance is used to cover expenditures, inter-fund transfers, or reserves, a “specific resolution” shall be adopted by the school board authorizing the use of that portion of the beginning fund balance in the school district’s budget. The resolution shall specify at a minimum:
   a. The amount of the beginning fund balance to be spent under the budget;
   b. State the purpose for which the expenditure is needed; and
   c. State the school district’s plan to ensure the use of beginning fund balance will not lead to an ongoing deficit.

F. To minimize any sudden and unplanned discontinuity to school district programs and operations, the school district reserve funds shall be developed with adequate appropriated monies for unforeseen contingencies and projected ending fund balances. At a minimum, the budget shall ensure that the school district holds restricted cash reserves of $1,000,000 and unrestricted cash reserves of at least two percent (2%) of the total operational budget.

G. Prior to June 20 of each year, the school board shall publish notice and call a public hearing to approve and adopt its initial and reallocated operating budgets for the next school year. The notice shall include information to parents explaining the budget process and inviting parental involvement and input in that process prior to the date for the public hearing. The adopted operating budget document shall be considered the school board’s expenditure authorization for that school year. No funds may 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.

H. Each year, the school district shall publish its adopted operating budgets for the current year, the actual revenues, expenditures and fund balances for the prior year, and the projected fund balances for the current year within two weeks of the acceptance of the final audit by the school board, or November 30, whichever is earlier. A statement shall be included in the publication that the complete budget in detail may be inspected by any resident of the school district upon request to the superintendent.

I. These budgets, reports of revenue, expenditures, and fund balances shall be published or posted on the school district's official website, including a link to the school district’s school report card on the New Mexico Public Education Department’s website.

IV. IMPLEMENTATION

A. The superintendent is responsible for administering the adopted budget. The superintendent may delegate duties related thereto to other school officials, but maintains the ultimate responsibility for this function.

B. The superintendent or the superintendent's designee is authorized to make payments of claims or salaries authorized by the adopted or amended budget prior to school board approval.

C. Supplies and capital equipment may 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.

D. The school district shall make such reports to the Secretary of Education as required relating to initial allocations of revenue, reallocations of revenue and expenditures of funds.

Ref. NMSA 1978 § 22-8-12.3

Rio Rancho Public Schools
Adopted: July 19, 2010
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