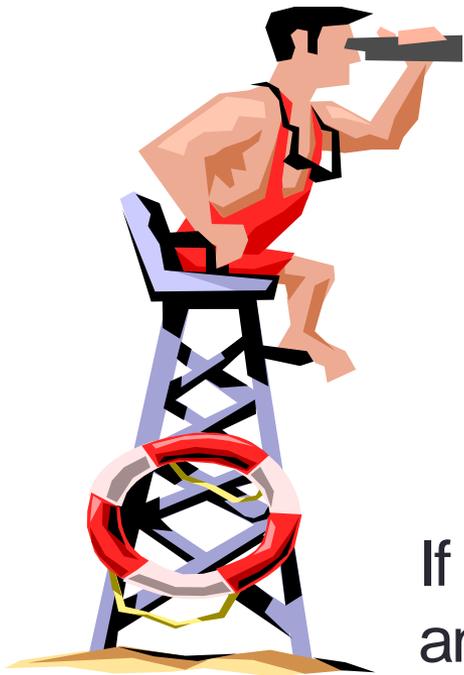


You must form a board-approved operational budget prior to June 30  
(U.C.A. 53A-19-102).

This is turned in to the state by July 15 and becomes the basis on which your operational results are judged.



If you calculate your budget accurately, and use it as a spending “limit” month by month...you will remain in the shallow end of the pool.



This might require you to revise your plans if enrollment, funding or unforeseen circumstances necessitate this.

By October 01, you will know your actual student population.

Your business administrator should then be directed to develop a new estimate of your funding based on these revised numbers. USOE does this, too: the process begins in November, but full revisions are not in until February or later.

Changes in your funding stream thus occur in stages between November and February, with February being the point that Special Education funding is revised. These revisions alter your monthly allotment.

# SMALL MARGIN FOR ERROR

---

A not-for-profit organization will usually retain only enough uncommitted resources to facilitate its operations. It is not likely to have vast reserves or cheap credit resources. As such, minor budgetary overrides can become a major problem.

Expenditures of agencies and institutions of state government must be kept within available revenues (U.C.A. 63J-1-217).

Charter School business administrators are required to act within the boundaries of this statute  
(U.C.A. 53A-3-303(5) and R277-470-9).

Once a budget has been approved in an open and public meeting, it is an expression of a “contract” with the public in regard to spending, and may not be altered or overstepped except as specified in law.

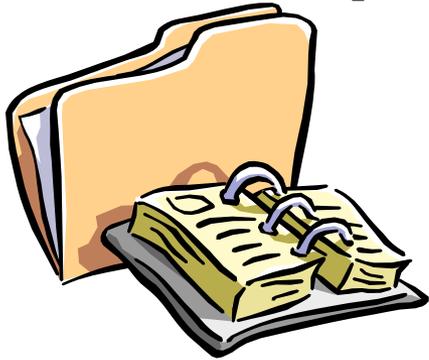
Violation of the budget’s spending authority is construed as a violation of the law.



Acting beyond July 01  
without a board-approved budget  
is also a violation of statute.



# Preparation of an Annual Operating Budget



In cooperation with a school's business manager, the school director must prepare an operating budget for the ensuing fiscal year on forms provided by the state auditor. This is filed with the board of trustees as a tentative budget. The tentative budget adopted by the board of trustees and all supporting schedules and data are public records.

A tentative budget should be adopted by the board of trustees prior to its first regularly scheduled meeting in May (**U.C.A. 17A-1-410(1)**, and **17B-1-607**).



R277-425-3 requires that schools will act consistently with the Annual School Finance and Statistics Workshop Book for Utah School Districts, published by the Utah State Board of Education and reviewed annually. The Workshop Book contains applicable Utah statutes, applicable Board rules, and uniform rules for:

- A. Budgeting;
- B. Financial accounting;
- C. Student membership and attendance accounting;
- D. Indirect costs and proration;
- E. Financial audits;
- F. Statistical audits and compliance and performance audits.

Given that funding flows on July 31 and you are to have a board-approved budget in place by July 01, you must delivery an approved budget by **July 15** to:

<p><b>File Budget for current year with the Utah State Auditor, USOE Finance and Statistics</b></p>	<p>Kent Godfrey State Auditor's Office (801) 538-1384 <a href="mailto:kgodfrey@utah.gov">kgodfrey@utah.gov</a></p>	<p><b>Use AFR form:</b> <a href="http://delleat.usoe.k12.ut.us/sfacs/login.jsp">http://delleat.usoe.k12.ut.us/sfacs/login.jsp</a></p>
	<p>Von Hortin USOE Finance &amp; Statistics (801) 538-7670 <a href="mailto:Von.Hortin@schools.utah.gov">Von.Hortin@schools.utah.gov</a></p>	

## Detailed Instructions

Statute requires that a **school district's** budget must be balanced. USOE expects that this standard will also be applied by **charter schools**. This requires budgeted revenues and expenses to balance.

Within the AFR form, columns labeled "Prior Year" and "Current Year" must both be filled in, excepting during your pre-operational year. "Actual" expenses from the prior year are meant to guide budgeting decisions for the current year. Careful attention to these figures will be indicative of the sizing of expenditures for the upcoming year.

## Continuing authority of governing body

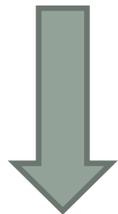
After the conclusion of a properly noticed public hearing (U.C.A. 45-1-101) to review the budget with stakeholders present, the board of trustees may continue to review the tentative budget (U.C.A. 17B-1-611), insert new items, and increase or decrease items of expenditure *that were the proper subject of consideration at the public hearing*. It may not include additional items of appropriation not so included.

The budget must be *signed prior to submission to USOE and the Office of the State Auditor.*

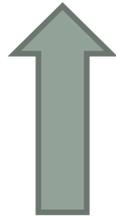
A record of board approval of the budget and the open and public hearing date is submitted on a frontal page. All records submitted to the state auditor are posted on this entity's website for public inspection. Your audited financial statements will also similarly be posted.

## Increase and decrease in budgeted amounts

Similarly to a school district (U.C.A. 53A-19-106), a charter school board is advised that it should not *reduce* a budget appropriation if notice of the proposed action is not given to all board members and the director at least one week prior to an open meeting held to discuss the matter.



Budgetary appropriation



## Budgetary appropriation

*An appropriation which was not originally submitted to public hearing may not similarly be made by the board unless the board receives a written request from the business administrator or director setting forth the reasons for the proposed increase, and the board holds a public hearing on the request prior to the board's acting on the request.*

## **Duties of the director or other budget officer (U.C.A. 53A-19-101):**

1. The budget officer should require that all expenditures conform to those recorded in the official budget.

2. The budget officer should require that expenditure may not be made or committed unless there is sufficient unencumbered funds existing in the relevant category of appropriation.

You cannot commit funds that you really don't have. This is protective of the public interest, and of the charter school.

# Expenditures or encumbrances in excess of appropriations prohibited

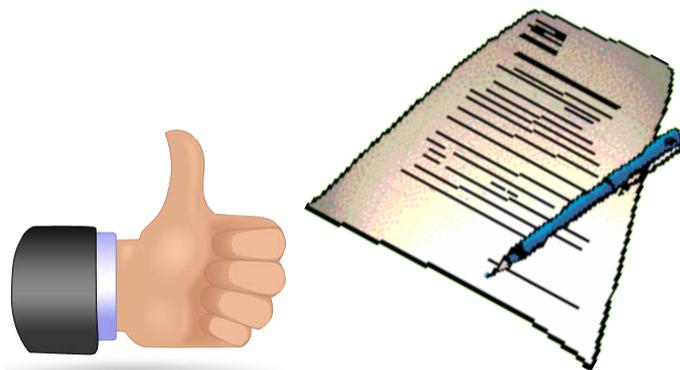
In the case of a local district (**U.C.A. 17B-1-619**), the budget officer *may not* make or incur expenditures or encumbrances in excess of total appropriations in the budget as adopted or as subsequently amended. School districts are under the same requirement (**U.C.A. 53A-19-106**).

It is expected that a charter school director or business administrator will not encumber assets not originally appropriated for a certain purpose without prior approval of an amendment to an existing budget.

**No, No!**

*An obligation contracted by any officer of the board in excess of total appropriations in the budget is not enforceable against the school.*

*No check or warrant to cover a claim against an appropriation may be drawn until the claim has been processed through a board-approved amendment to the existing budget.*



## **IN GENERAL:**

An officer or employee of a charter school may not make or incur indebtedness outside of the limits of established appropriations on behalf of the school without the approval and order of the board (**U.C.A. 53A-3-405**), and the board shall adopt one of the following approval methods, or a combination of the two:

- Either the board will approve an appropriation for identified purchases in the budget.
- The board will approve individual purchases when made throughout the fiscal year.

# Emergency expenditures

The governing board may(**U.C.A . 17B-1-623**), by resolution, amend a budget and authorize an expenditure that results in a **deficit** , however this may occur only if the board determines that:

- (a) An emergency exists.
- (b) The expenditure is reasonably necessary to meet the emergency.
- (c) The expenditure is used to meet the emergency.

*All three conditions must be met;  
written specification of these circumstances must remain alongside  
meeting minutes in the record of this action.*

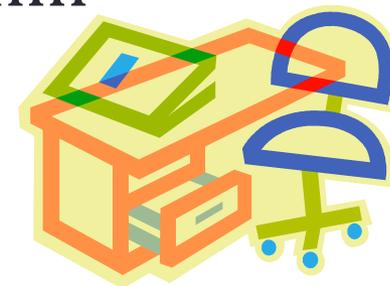
**Planned/Actual expenditures must not exceed **estimated expendable revenue** including appropriations for existing deficits.**

A school should not (U.C.A. 17B-1-613, U.C.A. 53A-19-104) make appropriations in the **final budget** in excess of the estimated expendable revenue for the budget year. Also, revenue estimates for an upcoming year should be reduced by the value of existing deficits (U.C.A. 17B-1-623).



A copy of the budget as finally adopted must be certified by the budget officer and filed by the officer in **the front office of the charter school** as it is required to be made available to the public during regular business hours.

A copy of the general operating budget must also be filed with the state auditor within **30 days after adoption.**



**U.C.A. 53A-19-102** requires school districts to post their official budget on their website. While this is not required of charter schools (**U.C.A. 53A-1a-511**), it is an option in meeting the requirement that it be available to the public.

# State of Utah Uniform Accounting Manual

An additional resource which may be accessed is the State of Utah Uniform Accounting Manual available on the website of the Office of the State Auditor at:

<http://www.sao.state.ut.us/IgResources.html#>

This manual serves as the authoritative interpretation of the statutes governing fiscal management of public funds. The section for local districts includes an interpretation of the “**Uniform Fiscal Procedures Act**,” while the section on school districts also includes rules specifically applicable to school district budgeting and fiscal procedures. *It is assumed that charter schools will practice a similar standard of fiscal behavior.*