

SECTION VI--PREPARATION OF BUDGET

BUDGET

One of the more important documents governing financial transactions of any government is the annual budget. A budget in its simplest form is an operating plan which contains an estimate of the proposed expenditures, the purposes for them and a means of financing them with the resources available to the government. When this operating plan is approved and adopted by the governing body the expenditures incorporated in the budget become legally binding appropriations, and the actual expenditures of the various activities must be in conformity with the budget and any budget supplements adopted.

All parties concerned with budget preparation and adoption should be aware of and involved in the general provisions incorporated into the budget process. These would include the legal foundations behind the budget, the budget structure, developing expenditure and revenue estimates, planning and finally budget review and adoption.

The legal foundations will answer questions pertaining to the responsibilities of the various officials with regard to the budget, the legal actions required to establish an official budget and the budget calendar. South Dakota Codified Laws (SDCL) 13-11-2 requires the school board to approve a budget for the anticipated obligations of each fund for the school fiscal year, except for trust and agency funds. SDCL Title 13, Chapter 11, set forth most of the requirements dealing with school budgets and should be reviewed by all persons involved.

The annual budgetary process involves three steps: preparation, adoption, and execution. The preparation phase of the budgetary process is a responsibility of the business manager and is accomplished by the correlation of financial data produced by the accounting system and the projected program requirements of the various functions and service areas for which a particular school may have responsibility. The provisional budget is presented to the governing body for consideration not later than the regular meeting in May (SDCL 13-11-2).