

BUDGET AMENDMENT PROCEDURES



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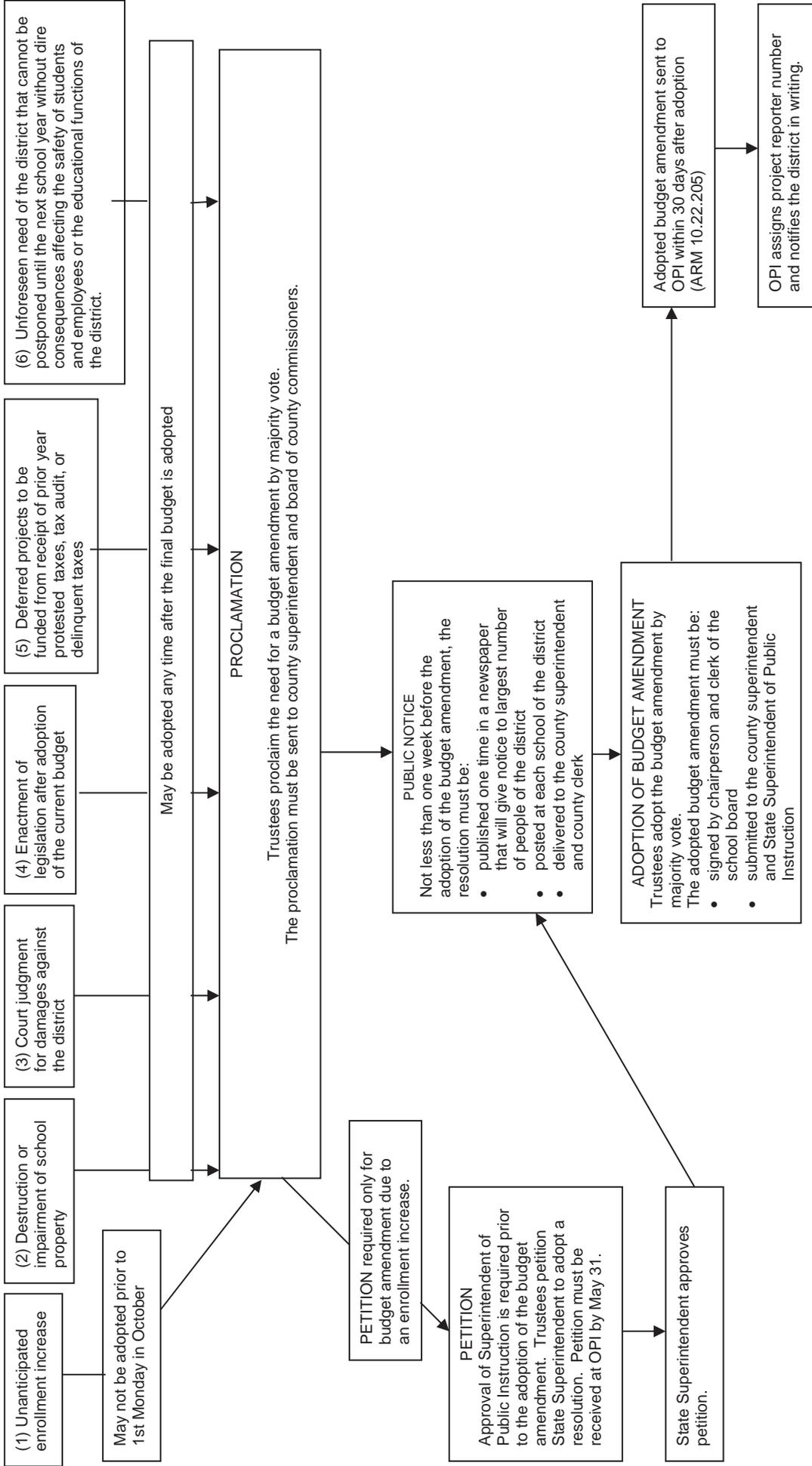
Distributed by:

Montana

Office of Public Instruction

Denise Juneau, State Superintendent

**BUDGET AMENDMENT PROCEDURES
REASONS FOR BUDGET AMENDMENT**



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I. IMPORTANT DATES

After final budget is adopted - Trustees of district may adopt an amendment other than an amendment for unanticipated enrollment increase.

Day After the Fall Enrollment Count (1st Monday in October) - First day trustees may petition the State Superintendent of Public Instruction to adopt a resolution for a budget amendment due to an unanticipated enrollment increase.

May 31 - Last day to petition the State Superintendent of Public Instruction to adopt a resolution for a budget amendment due to an unanticipated enrollment increase.

June 30 - Last day to adopt a budget amendment resolution to the current fiscal year's budget.

II. STATUTORY CRITERIA

A school district may amend a budget for the following reasons (20-9-161, MCA):

- (1) An **increase in the enrollment** of an elementary or high school district that is beyond what could reasonably have been anticipated at the time of the adoption of the budget for the current school fiscal year whenever, because of the enrollment increase, the district's budget for any or all of the regularly budgeted funds does not provide sufficient financing to properly maintain and support the district for the entire current school year;
- (2) the **destruction or impairment of any school property necessary to the maintenance of the school**, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit for its present school use;
- (3) a **judgment for damages against the district** issued by a court after the adoption of the budget for the current year;
- (4) an **enactment of legislation after the adoption of the budget for the current year** that imposes an additional financial obligation on the district;
- (5) the receipt of:
 - (a) a **settlement of taxes protested** in a prior school fiscal year;
 - (b) taxes from a prior school fiscal year as the result of a **tax audit** by the department of revenue or its agents;
 - (c) **delinquent taxes** from a prior school fiscal year; **AND**
 - (d) a determination by the trustees that it is necessary to expend all or a portion of the taxes received under (5)(a), (5)(b), or (5)(c) for **a project or projects that were deferred** from a previous budget of the district; or
- (6) **any other unforeseen need of the district that cannot be postponed** until the next school year without dire consequences affecting the safety of the students and district employees or the educational functions of the district.

III. THE PROCLAMATION

When the trustees of a district decide that a budget amendment is necessary,

- they may proclaim the need for the budget amendment by a **majority vote**.
- The proclamation **must include**:
 - 1) the **facts** constituting the need for a budget amendment (indicate the subsection criteria in 20-9-161 justifying the budget amendment);
 - 2) the budgeted **fund(s)** affected by the amendment;
 - 3) the estimated **amount** of money required to finance the budget amendment in each effected fund;
 - 4) the anticipated **source(s) of financing** the budget amendment (i.e., identify by revenue source(s) or reserves that will fund the budget amendment); and
 - 5) the **time and place** the board will meet for the purpose of considering and adopting the budget amendment.
- Copies of the proclamation must be **sent to** the county superintendent and the board of county commissioners (20-9-162).
- DO NOT send a copy of the proclamation to the Office of Public Instruction.

Subsection (1) of 20-9-161, MCA:

- When the budget amendment is the result of an unanticipated enrollment increased, the **maximum amount of the budget amendment** for each fund is determined by multiplying the maximum permissible per-pupil expenditure by the enrollment increase. The maximum per-pupil expenditure is calculated by dividing the final budget for the current school fiscal year of each fund affected by the enrollment increase (less any amounts appropriated as capital outlay and any amount appropriated for addition to the operating reserve) by the prior fiscal year enrollment used for the purpose of calculating the current fiscal year ANB. *Contact OPI for a spreadsheet printout of this calculation.*
- The **maximum amount of the budget amendment** cannot exceed the lesser of the maximum limitation on the budget amendment or the maximum general fund budget recalculated to reflect the approved enrollment increase.
- For budget amendments, other than amendments due to enrollment increases, the amount of the amendment is limited to the expenditures considered by the trustees to be reasonable and necessary to finance the conditions of the budget amendment.

Subsections (2) through (6) of 20-9-161, MCA:

- The trustees may resolve to adopt a budget amendment **without petitioning** the State Superintendent of Public Instruction for approval; however, the board **must petition** the State Superintendent for approval to adopt a resolution for an amendment that is due to an unanticipated enrollment increase.

SEE SAMPLE 1 - PROCLAMATION

IV. THE PETITION

A school board must petition the State Superintendent of Public Instruction for approval to adopt a resolution for a budget amendment only if the amendment is due to an unanticipated enrollment increase.

- The petition to the State Superintendent **must include**:
 - 1) **facts** constituting the need for the budget amendment;
 - 2) budgeted **fund(s)** affected by the budget amendment;
 - 3) estimated **amount** of money required to finance the budget amendment in each affected fund;
 - 4) anticipated **source(s) of financing** the budget amendment (i.e., identify, by fund, the revenue source(s) or reserves that will fund the budget amendment);
 - 5) **signatures** of a majority of the trustees of the district;
 - 6) any **capital outlay** amount (700 object series) and any amount appropriated for **addition to the operating reserve** in the fund(s) affected by the budget amendment; and
 - 7) any other information that may be requested by the State Superintendent of Public Instruction.
- Current year **enrollment**, by budget unit and by grade level, will be obtained by OPI from submitted enrollment reports.
- A budget amendment for an enrollment increase may not be petitioned or adopted until the day after the Fall Enrollment count (first Monday in October).
- Petitions must be received by the Office of Public Instruction on or before **May 31** of the school fiscal year to which the amendment applies.
- The Office of Public Instruction will recalculate the district's **maximum general fund budget** to reflect the enrollment increase upon receipt of a petition for approval of a budget amendment for an unanticipated enrollment increase. A district may not adopt a budget amendment in an amount that will cause the district to exceed its maximum general fund budget as recalculated by OPI.
- The **maximum amount of the budget amendment** cannot exceed the lesser of the maximum limitation on the budget amendment or the maximum general fund budget recalculated to reflect the approved enrollment increase.
- If the petition is approved by the State Superintendent of Public Instruction, the trustees may **proceed** with the steps required for adoption of a budget amendment.
- Approval of the petition may not be construed as approval of any subsequent application for **increased state aid** on account of the budget amendment.

SEE SAMPLE 2 - PETITION

V. PUBLIC NOTICE

A copy of the budget amendment proclamation must be:

- 1) **published** one time in a newspaper that will give notice to the largest number of people of the district;
 - 2) **posted** at each school of the district; **and**
 - 3) **delivered** to the county superintendent and the county commissioners.
- Steps 1 through 3 above must be completed not less than one week before the date specified in the proclamation for consideration and adoption of the amendment (e.g., minimum amount of time required is eight days). In the case of a budget amendment for an unanticipated enrollment increase, the petition approval from OPI must be received by the district prior to publishing the Public Notice.

VI. THE RESOLUTION

The Trustees may resolve to adopt the budget amendment by a **majority vote of the trustees present** at the meeting.

- The meeting of the trustees to consider and adopt a budget amendment must be **open to the public**. Any taxpayer in the district has the right to appear and be heard.
- A budget amendment for an unanticipated enrollment increase may not be petitioned or adopted until after the fall enrollment count (first Monday in October). A petition must be adopted before **May 31** and the resolution must be adopted by **June 30**.
- A budget amendment for any reason other than an unanticipated enrollment increase may be adopted any time after the final budget is adopted but must be adopted before **June 30**.
- The budget amendment resolution must **include** the following:
 - 1) the **facts** constituting the need for a budget amendment;
 - 2) the budgeted **fund(s)** affected by the budget amendment;
 - 3) the estimated **amount** of the budget amendment;
 - 4) the anticipated **source(s) of financing**; and
- The adopted budget amendment resolution **must**:
 - 1) **be signed** by the board chairperson and the district clerk;
 - 2) state the **date** the board adopted the budget amendment;
 - 3) be sent to the **county superintendent**; and
 - 4) be sent to the **State Superintendent** of Public Instruction.
 - ⇒ A copy of each new **transportation contract** or **amended bus route form**, approved by the county transportation committee and related to an amendment in the transportation fund, must be submitted to OPI with the resolution; and
 - 5) list the line item **details** of the proposed expenditures (20-9-165(3) MCA).

SEE SAMPLE 3 - RESOLUTION

VII. BUDGET AMENDMENT EXPENDITURES

- Expenditures related to the budget amendment must be accounted for separately using a **project reporter code number** assigned by OPI upon receipt of the budget amendment resolution.
- Line item detail of the budget amendment expenditures must support the purpose for which the amendment was adopted.
- Whenever it appears the amount budgeted for a particular **line item** (i.e., program/function/object) is in excess of the amount needed, the trustees may **transfer** the excess to another line item within the same fund. Transfers MAY NOT be made between different funds of the same district, between a district's final budget and a budget amendment, or between budget amendments.

SEE SAMPLE 3 - RESOLUTION

VIII. ADDITIONAL DIRECT STATE FINANCIAL AID (DSA)

If a budget amendment is adopted as a result of an unanticipated enrollment increase:

- The district may be eligible for additional Direct State Aid provided the percentage of the enrollment increase over the prior school fiscal year enrollment used for the purpose of calculating ANB for the current school fiscal year is greater than the lesser of **40 students or 4%**.
- The only enrollment counts in the current fiscal year that may be used in calculating the enrollment increase will be the **October enrollment count** or the **February enrollment count** as reported to OPI. The October enrollment count will be used to determine the enrollment increase for budget amendment petitions received between the first Monday in October and the first Monday in February. Budget amendment petitions received after the February enrollment count date will use the February count even if the October was higher. (ARM 10.22.204 (1)(c))
- The Office of Public Instruction will determine the **maximum allowable increase** in ANB for the purpose of recalculating the BASIC entitlement and total per-ANB entitlement for the current year. The increase is equal to the current school fiscal year enrollment minus the sum of:
 - a) The enrollment used to calculate the budgeted ANB for the current fiscal year; and
 - b) The lesser of 40 students or 4% of the enrollment used to calculate the budgeted ANB for the current fiscal year.

IX. EMERGENCY TAX LEVY

- When a budget amendment is adopted under 20-9-161(2) (i.e., because of “the destruction or impairment of any school property necessary to the maintenance of the school, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit for its present school use;”) and a district does not have sufficient funds, including insurance proceeds and reserves, to finance the amendment, the district may levy a tax in the ensuing school fiscal year to fund expenditures authorized by the amendment. The amount may not exceed the unfunded amount of the amendment.

**SAMPLE 1
PROCLAMATION**

**BUDGET AMENDMENT PROCLAMATION
SCHOOL DISTRICT
COUNTY**

At a (*state regular or special*) meeting of the board of trustees of School District No.____, _____ County, Montana, held _____, at _____p.m. at the _____ (location), the following resolution was introduced:

WHEREAS, the trustees of School District No.____, _____ County, Montana, have made a determination that as a result of (*state the reason*), the district's budget for the _____ fund(s) does not provide sufficient financing to properly maintain and support the district for the entire current school fiscal year; and

WHEREAS, the trustees have determined that an amendment to the (*state elementary or high school*) _____ fund budget in the amount of \$_____ is necessary under the provision of Section 20-9-161[*choose one subsection (1) through (6)*], MCA; for the purpose of (*state the purpose for the budget amendment*) and

WHEREAS, the anticipated source of financing the budget amendment expenditures shall be the _____ *fund reserve/additional state assistance/other (list only the applicable sources)*;

THEREFORE BE IT RESOLVED that the Board of Trustees of School District No.____, _____ County, Montana, proclaims a need for an amendment to the (*state elementary or high school*) _____ fund budget for fiscal year _____ in the amount of \$_____ under Section 20-9-161 [*choose one subsection (1) through (6)*], MCA, for the purpose identified above, and;

BE IT FURTHER RESOLVED that the Board of Trustees of School District No.____, _____ County, Montana, will meet at _____p.m. at _____ (location) on _____ (date) for the purpose of considering and adopting the budget amendment.

SAMPLE 2

(Reason: Subsection (1)-Unanticipated enrollment increase only) **PETITION**

Ms. Denise Juneau
State Superintendent
Office of Public Instruction
P.O. Box 202501
Helena, MT 59620-2501

Dear Ms. Juneau:

RE: Petition for Permission to Adopt a Resolution for a Budget Amendment

In accordance with Section 20-9-163, MCA, the Board of Trustees of _____ School District No. _____, _____ County, Montana, hereby petition for permission to adopt a resolution for a budget amendment under the provisions of Section 20-9-161(1), MCA.

As a result of an unanticipated enrollment increase, the district's budget for the _____ fund(s) does not provide sufficient financing to properly maintain and support the district for the entire current school fiscal year. Therefore, the trustees have proclaimed a need for a budget amendment.

The district's current year enrollment count is on file with the Office of Public Instruction and was completed in accordance with the provisions of Section 20-9-311, MCA, and A.R.M. 10.20.102.

The budget amendment in the amount of \$_____ will affect the (state elementary or high school) _____ fund budget for fiscal year _____. The anticipated source of financing that will be utilized to fund the budget amendment is the _____ fund reserve/additional state assistance/other (list only the applicable sources).

Pursuant to A.R.M. 10.22.204(1)(a), the following amounts were appropriated within the current year final budgets of each fund affected by the enrollment increase:

	General Fund	Transportation Fund	_____ Fund
capital outlay (700 object series)	\$ _____	\$ _____	\$ _____
addition to operating reserve	\$ _____	\$ _____	\$ _____

Sincerely,

The _____ (indicate #) members of the Board of Trustees of _____ School District No. _____, _____ County, Montana.

Print Chairperson's Name	Signature of Chairperson	Date
_____	_____	_____
Print Trustee's Name	Signature of Trustee	Date
_____	_____	_____
Print Trustee's Name	Signature of Trustee	Date
_____	_____	_____
Print Trustee's Name	Signature of Trustee	Date
_____	_____	_____
Print Trustee's Name	Signature of Trustee	Date
_____	_____	_____

(Reason: Subsection (1)-Unanticipated enrollment increase only) **RESOLUTION**

BUDGET AMENDMENT RESOLUTION

SCHOOL DISTRICT

COUNTY

At a (*state regular or special*) meeting of the board of trustees of School District No.____, _____ County, Montana, held _____(date), at _____p.m. at the _____ (location), the following resolution was introduced:

WHEREAS, the trustees of School District No.____, _____ County, Montana, have made a determination that as a result of an unanticipated enrollment increase, the district’s budget for the _____fund(s) does not provide sufficient financing to properly maintain and support the district for the entire current school year; and

WHEREAS, the trustees have determined that an amendment to the (*state elementary or high*) _____fund budget in the amount of \$_____ is necessary under the provision of Section 20-9-161 (1), MCA; for the purpose of _____ (*state the purpose for the budget amendment*) and

WHEREAS, the anticipated source of financing the budget amendment expenditures shall be the _____fund reserve/additional state assistance/other (*list only applicable sources*);

THEREFORE BE IT RESOLVED that the Board of Trustees of School District No.____, _____ County, Montana, proclaims a need for an amendment to the (*state elementary or high school*) _____fund budget for fiscal year _____ in the amount of \$_____ under Section 20-9-161 (1), MCA, for the purpose identified above, and;

BE IT FURTHER RESOLVED that the Board of Trustees of School District No.____, _____ County, Montana, will meet at _____p.m. at _____ (location) on _____ (date), for the purpose of considering and adopting the budget amendment.

Print Chairperson’s Name

Signature of Chairperson

Date

Print District Clerk’s Name

Signature of District Clerk

Date

DATE BUDGET AMENDMENT WAS ADOPTED: _____, 20____

List all budget amendment expenditure line items and amounts:

**BUDGET AMENDMENT RESOLUTION
SCHOOL DISTRICT
COUNTY**

At a (*state regular or special*) meeting of the board of trustees of School District No.____, _____ County, Montana, held _____, at ____p.m. at the _____ (location), the following resolution was introduced:

WHEREAS, the trustees of School District No._____, _____ County, Montana, have made a determination that as a result of _____ (*state the reasons*), the district’s budget for the _____ fund(s) does not provide sufficient financing to properly maintain and support the district for the entire current school year; and

WHEREAS, the trustees have determined that an amendment to the (*state elementary or high school*) _____ fund budget in the amount of \$_____ is necessary under the provision of Section 20-9-161[*choose one subsection (2) through (6)*], MCA; for the purpose of _____ (*state the purpose for the budget amendment*) and

WHEREAS, the anticipated source of financing the budget amendment expenditures shall be the _____ *fund reserve/additional state assistance/other (list only applicable sources)*;

THEREFORE BE IT RESOLVED that the Board of Trustees of School District No.____, _____ County, Montana, proclaims a need for an amendment to the (*state elementary or high school*) _____ fund budget for fiscal year _____ in the amount of \$_____ under Section 20-9-161 [*choose one subsection (2) through (6)*], MCA, for the purpose identified above, and;

BE IT FURTHER RESOLVED that the Board of Trustees of School District No.____, _____ County, Montana, will meet at ____p.m. at _____ (location)_ on _____ (date), for the purpose of considering and adopting the budget amendment.

Print Chairperson’s Name

Signature of Chairperson

Date

Print District Clerk’s Name

Signature of District Clerk

Date

DATE BUDGET AMENDMENT WAS ADOPTED: _____, 20____

List all budget amendment expenditure line items and amounts:

