

Midway ISD

Budget Procedures

Expenditure Cut-off

Annual Appropriations

- Budgets are established on an annual basis.
- Funds out of a current year budget should not be used on a regular basis for purchasing items for the following year
- Budget appropriations are expected to be used for activities in that year; exceptions are made for purchases that must be made at the end of the fiscal year to be on hand and available for activities that occur early in the following fiscal year.
- Budgeted funds which are not used may be subject to “sweeping” to other accounts so that the funds may be used for other needs.

Expenditure Cut-off

The District's fiscal year end is August 31st!

- An **expenditure** occurs when goods or services are received or performed.
 - It has nothing to do with when there is budget money available.
- Goods and services received by the end of the day on August 31st will be charged to that budget year.
- Conversely, goods and services received after August 31st will be charged to the budget for the following year.

The date the supplies, materials or services are received in MISD will be used to determine the expenditure year. The invoice date will not be the controlling factor.

If substantially all supplies, materials or services are received on an order, and the balance is delivered after the fiscal year end, the entire expenditure will be recorded in the earlier year. The only exception would be if it was specifically budgeted in the following year for the balance of the order.

Guidance to Avoid Budget Problems Created by Funding Year Issues

Purchase orders should be issued in plenty of time to insure goods or services are received before August 31st. When possible, purchases intended to come out of the budget for the following year should be delayed until after August 31st, to avoid problems from early receipt of goods.

Improper Methods of Avoiding Funding Year Issues

Do not use “fall billing,” or other delayed billing, and do not hold invoices, in an attempt to defer the expenditure for goods or services received before August 31st until the following year. Unless the Finance Department approves other billing terms, principals and directors should insist that vendors immediately bill for all goods and services.

Carryover of Purchase Orders

Supplies, materials, equipment, etc. ordered out of a current year budget, but not be received until after August 31st, will cause the expenditure to be charged to the following year budget. This usually presents a budget problem. Funds set aside for the expenditure go unused, and the new budget year has an expenditure for which there is no budget.

In certain cases a "carryover" of budgeted funds from one fiscal year to the next is permissible, which will correct this problem.

Conditions for a Purchase Order to Qualify for “Carryover”

- In general, purchase orders may be carried over if the order was placed in plenty of time for delivery before year end, or the expenditure covers a period of time that goes in to the following year, such as with construction projects.

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- Purchase orders will not be carried over simply because the order was not placed until too late in the year to receive the goods.

Budget amounts related to specific purchase orders will be allowed as carryover if:

- The purchase order was for a significant identifiable item;
- The purchase order was issued in a “timely” manner;
 - For usual purchases, “timely” means that the vendor would have reasonably been expected to make delivery by August 31st.
- The purchase order was for at least \$1,000; and,
- The purchase order was reported to the Finance Department as a requested carryover by July 31st.

Principals and department heads should report any otherwise qualified purchase orders where delivery might not occur. If received, the Finance Department will simply remove the item from the carryover list, but unreported purchase orders cannot be added, except with approval of the Assistant Superintendent for Finance.

Construction Projects

Budget amounts for construction projects in process as of year-end will be carried over.

Sweeping Unused Budgets

- General Fund Operating budgets for campuses and departments will be reviewed in March of each year by the Assistant Superintendent for Finance.
 - The Assistant Superintendent for Finance will identify unspent funds not needed to complete the fiscal year operations.
 - The identified funds will be reported to the Superintendent and the respective campus principal or department head.
 - The campus principal or department head will be required to justify the need for the identified funds.
 - If there is not adequate justification for the unused funds, the budget will be amended, reducing the unused account balances and moving the funds to accounts designated by the Assistant Superintendent for Finance.

Unused funds are subject to amendment through the end of the fiscal year under the direction of an Assistant Superintendent. Unused budgeted funds not needed to complete the year should only be used to fund supplemental items for following years.