

Budget

The Governing Board recognizes its critical responsibility for adopting a sound budget for each fiscal year which is aligned with the district's vision, goals, and priorities. The district budget shall guide administrative decisions and actions throughout the year and shall serve as a tool for monitoring the fiscal health of the district.

(cf. 0000 - Vision)

(cf. 3000 - Concepts and Roles)

(cf. 3300 – Expenditures/Expending Authority)

(cf. 3460 – Periodic Financial Reports)

(cf. 9000 - Role of the Board Members)

The district budget shall show a complete plan and itemized statement of all proposed expenditures and all estimated revenues for the following fiscal year, together with a comparison of revenues and expenditures for the current fiscal year. The budget shall also include the appropriations limit and the total annual appropriations subject to limitation as determined pursuant to Government Code 7900-7914. (Education Code 42122)

Budget Development and Adoption Process

The Superintendent or designee shall establish an annual budget development process and calendar in accordance with the single budget adoption process described in Education Code 42127(i). He/she shall annually notify the County Superintendent of Schools of the district's decision to use the single budget adoption process in the subsequent year.

In order to provide guidance in the development of the budget, the Board shall annually establish budget priorities based on identified district needs and goals and on realistic projections of available funds.

The Superintendent or designee shall oversee the preparation of a proposed district budget for approval by the Board and shall involve appropriate staff in the development of budget projections.

The Board encourages public input in the budget development process and shall hold public hearings and meetings in accordance with Education Code 42103 and 42127.

(cf. 9320 - Meetings)

(cf. 9322 - Agenda/Meeting Materials)

(cf. 9323 - Meeting Conduct)

The budget that is formally adopted by the Board shall be in the format prescribed by the Superintendent of Public Instruction. The Superintendent or designee may supplement this format with additional information as necessary to effectively communicate the budget to the Board, staff, and public.

Budget Committee

The Superintendent or designee may appoint a budget committee composed of staff, Board representatives, and Union representatives.

The committee shall be presented information regarding the proposed budget. All recommendations of the committee shall be advisory only and shall not be binding on the Board or the Superintendent or designee.

(cf. 1220 - Citizen Advisory Committee)

(cf. 2230 - Representative and Deliberative Groups)

(cf. 9140 - Board Representatives)

BudgetBudget Criteria and Standards

In developing the district budget, the Superintendent or designee shall analyze criteria and standards adopted by the State Board of Education which address estimation of funded average daily attendance (ADA), projected enrollment, ratio of ADA to enrollment, projected revenue limit, salaries and benefits, other revenues and expenditures, facilities maintenance, deficit spending, fund balance, and reserves. The budget review shall also identify supplemental information regarding contingent liabilities, use of one-time revenues for ongoing expenditures, use of ongoing revenues for one-time expenditures, contingent revenues, contributions, long-term commitments, unfunded liabilities, and the status of labor agreements. (Education Code 33127, 33128, 33129; 5 CCR 15440-15451)

The Board shall establish and maintain a general fund reserve for economic uncertainty that meets or exceeds the minimum 3% required by law. (Education Code 33128.3; 5 CCR 15450)

The Board may establish other budget assumptions or parameters which may take into consideration the stability of funding sources, legal requirements and constraints on the use of funds, anticipated increases and/or decreases in the cost of services and supplies, categorical program requirements, and any other factors necessary to ensure that the budget is a realistic plan for district revenues and expenditures.

(cf. 2210 - Administrative Discretion Regarding Board Policy)

(cf. 3110 - Transfer of Funds between Categories, Amendments/Purchases Not Budgeted)

Fund Balance Policy

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the District against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Chief Business Official to prepare financial reports which accurately categorize fund balance as per Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the District is bound to honor constraints on the specific purpose for which amounts can be spent.

- Nonspendable Fund Balance (inherently nonspendable)
- Restricted Fund Balance (externally enforceable limitations on use)
- Committed Fund Balance (self-imposed limitations on use)
- Assigned Fund Balance (limitation resulting from intended use)
- Unassigned Fund Balance (residual net resources)

The first two components listed above are not addressed in this policy due to the nature of their restrictions. An example of nonspendable fund balance is inventory. Restricted fund balance is either imposed by law or constrained by grantors, contributors, or laws or regulations of other governments. This policy is focused on the financial reporting of unrestricted fund balance, or the last three components listed above. These three components are further defined below.

1. Committed Fund Balance - The Governing Board, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use through the same type of formal action taken to establish the commitment. Governing Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined subsequent to June 30th but prior to the submission of the SACS Unaudited Actual Financial Reports.

This policy does hereby commit all Unassigned Fund Balances in the following fund for the identified purposes:
Fund 1400 Deferred Maintenance Fund – Committed for the purpose of deferred maintenance expenditures.

Budget

2. Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the Superintendent or the Chief Business Officer for the purpose of reporting these amounts in the annual financial statements.
3. Unassigned Fund Balance - These are residual positive net resources of the general fund in excess of what can properly be classified in one of the other four categories. There are some reserves that do not meet the requirements of the fore mentioned components of fund balance. For financial statement reporting purposes these reserves are included in unassigned fund balance. This includes a Reserve for Economic Uncertainty. The District will maintain an economic uncertainty reserve of at least 3% of total General Fund operating expenditures (including other financing). The primary purpose of this reserve is to avoid the need for service level reductions in the event of an economic downturn causes revenues to come in lower than budget. This reserve may be increased from time to time in order to address specific anticipated revenue shortfalls (state actions, etc.).

Order of expenditure of Funds - The District considers restricted fund balances to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

This policy is in place to provide a measure of protection for the District against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.

Minimum Fund Balance - The Minimum Fund Balance is intended to address the minimum fund balance in the general fund by establishing an appropriate level of unrestricted fund balance that will be maintained in the general fund.

The Board reserves the authority to review and amend this policy as needed to reflect changing circumstances and district needs.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance requires a Reserve for Economic Uncertainties consisting of unassigned amounts and consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education.

The District maintains a Reserve for Economic Uncertainties to safeguard the District's financial stability. The Board intends to maintain a minimum Unassigned Reserve for Economic Uncertainties of 3% of the District's general fund annual operating expenditures.

Long-Term Financial Obligations

The district's current-year budget and multi-year projections shall include adequate provisions for addressing the district's long-term financial obligations, including, but not limited to, long-term obligations resulting from collective bargaining agreements, financing of facilities projects, unfunded or future liability for retiree benefits, and accrued workers' compensation claims.

(cf. 4141/4241 - Agreement)

(cf. 4143/4243 - Negotiations/Consultation)

(cf. 7210 - Facility Financing)

(cf. 9250 - Remuneration, Reimbursement, Other Benefits)

The Board shall approve a plan for meeting the district's long-term obligations to fund nonpension, other postemployment benefits (OPEBs). Currently, the district pays premiums as they fall due ("pay-as-you-go"). The Board reserves the authority to review and amend the funding strategy as necessary to ensure that it continues to serve the best interests of the district and maintains flexibility to adjust for changing budgetary considerations.

Budget

When the Superintendent or designee presents a report to the Board on the estimated accrued but unfunded cost of OPEBs, the Board shall disclose, as a separate agenda item at the same meeting, whether or not it will reserve a sufficient amount of money in its budget to fund the present value of the benefits of existing retirees and/or the future cost of employees who are eligible for benefits in the current fiscal year. (Education Code 42140)

Budget Amendments

Whenever revenues and expenditures change significantly throughout the year, the Superintendent or designee shall recommend budget amendments to ensure accurate projections of the district's net ending balance.

In addition, budget amendments may be submitted for Board approval when the state budget is adopted, collective bargaining agreements are accepted, district income declines, increased revenues or unanticipated savings are made available to the district, program proposals are significantly different from those approved during the budget adoption, and/or other significant changes occur that impact budget projections.

Legal Reference:EDUCATION CODE

1240 Duties of county superintendent of schools
 33127-33131 Standards and criteria for local budgets and expenditures
 35035 Powers and duties of superintendent
 35161 Powers and duties, generally, of governing boards
 42103 Public hearing on proposed budget; requirements for content of proposed budget
 42122-42129 Budget requirements
 42130-42134 Financial certifications
 42140-42141 Disclosure of fiscal obligations
 42602 Use of unbudgeted funds
 42605 Tier 3 categorical flexibility
 42610 Appropriation of excess funds and limitation thereon
 44518-44519.2 Chief business officer training program
 45253 Annual budget of personnel commission
 45254 First year budget of personnel commission

GOVERNMENT CODE

7900-7914 Appropriations limit

CODE OF REGULATIONS, TITLE 5

15060 Standardized account code structure
 15440-15451 Criteria and standards for school district budgets

Management Resources:CSBA PUBLICATIONS

Maximizing School Board Governance: Budget Planning and Adoption, 2006
 Maximizing School Board Governance: Understanding District Budgets, 2006
 School Finance CD-ROM, 2005

CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS

California School Accounting Manual

FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM PUBLICATIONS

Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, September 2006

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Best Practice: Appropriate Level of Unrestricted Fund Balance in the General Fund, 2009

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, March 2009

Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, June 2004

Statement 34, Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments, June 1999

WEB SITES

CSBA: <http://www.csba.org>

Association of California School Administrators: <http://www.acsa.org>

California Department of Education, Finance and Grants: <http://www.cde.ca.gov/fg>

California Department of Finance: <http://www.dof.ca.gov>

Fiscal Crisis and Management Assistance Team: <http://www.fcmat.org>

Government Finance Officers Association: <http://www.gfoa.org>

Governmental Accounting Standards Board: <http://www.gasb.org>

Legislative Analyst's Office: <http://www.lao.ca.gov>

School Services of California, Inc.: <http://www.sscal.com>