

[Note from Josh: This policy is based on the CSBA sample policy. The highlighted areas are those areas where changes are being suggested.]

BP 3100

Business and Noninstructional Operations

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, priorities, local control and accountability plan (LCAP), and other comprehensive plans. The district budget shall guide decisions and actions throughout the year and shall serve as a tool for monitoring the fiscal health of the district.

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.

Budget Development and Adoption Process

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 shall hold a public hearing on the proposed budget in accordance with Education Code 42103 and 42127.

The Board shall adopt the district budget on or before July 1 of each year.

At a public meeting held on a date after the public hearing on the budget, the Board shall adopt the budget following its adoption of the LCAP or an annual update to the LCAP at the same meeting. The budget shall include the expenditures necessary to implement the LCAP or the annual update to the LCAP.

The budget that is formally adopted by the Board shall adhere to the state's Standardized Account Code Structure as 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.

No later than five days after the Board adopts the district budget or by July 1, whichever occurs first, the Superintendent, on behalf of the Board, shall file with the County Superintendent of

Schools the adopted district budget and supporting data. The budget and supporting data shall be maintained and made available for public review.

If the County Superintendent disapproves or conditionally approves the district's budget, the Board shall review and respond to his/her recommendations at a public meeting on or before October 8. The response shall include any revisions to the adopted budget and any other proposed actions to be taken as a result of those recommendations.

Superintendent's Budget Advisory Committee (SBAC)

If the Superintendent believes that the budget for the upcoming school year is going to include significant budget cuts, the Superintendent or designee shall appoint a budget advisory committee composed of representatives from employee unions, staff, Board representatives, and members of the community as prescribed in the SBAC bylaws.

Commented [JRD 1]: Add as AR

The committee shall submit recommendations during the budget development process and its duties shall be assigned each year based on district needs. All recommendations of the committee shall be advisory only and shall not be binding on the Board.

Budget Criteria and Standards

The Superintendent or designee shall develop a district budget in accordance with state criteria and standards specified in 5 CCR 15440-15450 as they relate to projections of average daily attendance (ADA), enrollment, ratio of ADA to enrollment, local control funding formula revenue, salaries and benefits, other revenues and expenditures, facilities maintenance, deficit spending, unrestricted general fund balance, and reserves. In addition, he/she shall provide the supplemental information specified in 5 CCR 15451 which addresses the methodology and budget assumptions used, 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, status of collective bargaining agreements, the LCAP, and LCAP expenditures.

In accordance with the District's LCAP policy (BP 0460), the district budget shall provide funding for increasing or improving services for unduplicated students at least in proportion to the increase in funds apportioned on the basis of the number and concentration of unduplicated students. Unduplicated students are students who are eligible for free or reduced-price meals, English learners, and/or foster youth

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, program requirements, and any other factors necessary to ensure that the budget is a realistic plan for district revenues and expenditures.

Fund Balance and Budget Reserve

The district shall classify fund balances in compliance with Governmental Accounting Standards Board (GASB) Statement 54, as follows:

1. Nonspendable fund balance includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact.
2. Restricted fund balance includes amounts constrained to specific purposes by their providers or by law.
3. Committed fund balance includes amounts constrained to specific purposes by the Board.

For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period (June 30), although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

4. Assigned fund balance includes amounts which are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed.

The Board delegates authority to assign funds to the assigned fund balance to the Superintendent and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. The Superintendent may further delegate the authority to assign funds at his/her discretion.

5. Unassigned fund balance includes amounts that are available for any purpose.

When multiple types of funds are available for an expenditure, the district shall first utilize funds from the restricted fund balance as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

The Board intends to maintain a minimum assigned and unassigned fund balance in an amount the Board deems sufficient to maintain fiscal solvency and stability and to protect the district against unforeseen circumstances.

If the assigned and unassigned fund balance falls below the level set by the Board due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

The Board shall establish and maintain a special fund for a reserve for economic uncertainty of 3 percent of the District's general fund expenditures as required by state law

The Board shall establish and maintain a special fund for a secondary reserve for economic uncertainty of at least 1 percent of the District's general fund expenditures separate and above the State required reserve of 3 percent.

or

The Board shall establish and maintain a special fund for a secondary reserve for economic uncertainty of between 1 percent and 2 percent of the District's general fund expenditures separate and above the State required reserve of 3 percent.

Commented [JRD 2]: Options for size of secondary reserve

The special fund for the secondary reserve for economic uncertainty shall be separate from the special fund containing the State required reserve of 3 percent and separate from the fund containing any parcel tax share of the 3 percent reserve for economic uncertainty.

In any year in which the district (i) adopts a budget in which the secondary reserve for economic uncertainty is less than 1 percent, (ii) the adopted budget receives a positive certification, and (iii) the estimated available unrestricted, unassigned, and undesignated funds for the year prior to the budget year is above 4% of general fund expenditures, then **all** unspent but budgeted funding from the prior year that is unrestricted, unassigned, and undesignated shall be automatically placed in the secondary reserve for economic uncertainty.

or

In any year in which the district (i) adopts a budget in which the secondary reserve for economic uncertainty is less than 1 percent and (ii) the adopted budget receives a positive certification, then **half** of any unspent but budgeted funding from the prior year that is unrestricted, unassigned, and undesignated shall be automatically placed in the general fund reserve for economic uncertainty.

Commented [JRD 3]: Options for adding funds to build secondary reserve

The funds in the secondary reserve for economic uncertainty may only be transfers to the general fund under the following conditions:

Commented [JRD 4]: When can the funds be used – something to think about and brainstorm

Long-Term Financial Obligations

~~The district's current year budget and multiyear 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.~~

~~The Board shall approve a plan for meeting the district's long term obligations to fund nonpension, other postemployment benefits (OPEBs). This plan shall include a specific funding strategy and the method that will be used to finance the district's annual fiscal obligations for such benefits in a manner that continually reduces the deficit to the district to the extent possible. 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.~~

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.

When the Superintendent or designee presents a report to the Board on the estimated accrued but unfunded cost of workers' compensation claims, the Board shall disclose, as a separate agenda item at the same meeting, whether or not it will reserve in the budget sufficient amounts to fund the present value of accrued but unfunded workers' compensation claims or if it is otherwise decreasing the amount in its workers' compensation reserve fund. The Board shall annually certify to the County Superintendent the amount, if any, that it has decided to reserve in the budget for these costs. The Board shall submit to the County Superintendent any budget revisions that may be necessary to account for this budget reserve.

Budget Amendments

No later than 45 days after the Governor signs the annual Budget Act, the Superintendent or designee shall make available for public review any revisions in budgeted revenues and expenditures which occur as a result of the funding made available by that Budget Act.

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. When final figures for the prior-year budget are available, this information shall be used as soon as possible to update the current-year budget's beginning balance and projected revenues and expenditures.

In addition, budget amendments shall be submitted for Board approval as necessary when 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 budget adoption, interfund transfers are needed to meet actual program expenditures, and/or other significant changes occur that impact budget projections.