

Business and Non-instructional Operations

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 and Purchases)
- (cf. [3460](#) - Financial Reports and Accountability)
- (cf. [9000](#) - Role of the Board)

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

Single Budget 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 and Notices)
- (cf. [9322](#) - Agenda/Meeting Materials)
- (cf. [9323](#) - Meeting Conduct)

Budget 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 requirements of 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)

Fund Balance

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 of 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 the Board or its designee intends to use for a specific purpose.

The Board delegates authority to assign funds to the assigned fund balance to the Superintendent or designee and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements.

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 unassigned fund balance, and lastly from the unassigned fund balance.

To protect the district against unforeseen circumstances such as revenue shortfalls and unanticipated expenditures, the Board shall have a target to maintain a minimum unassigned fund balance which includes a reserve for economic uncertainties equal to at least one month of general fund operating expenditures, or 10 percent of general fund expenditures and other financing uses.

If the unassigned fund balance fails to meet this level, the Board shall develop a plan to recover the fund balance at a rate of at least 1% each year.

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](#) - Collective Bargaining Agreement)

(cf. [4143/4243](#) - Negotiations/Consultation)

(cf. [4154/4254/4354](#) - Health and Welfare Benefits)

(cf. [7210](#) - Facilities Financing)

(cf. [9250](#) - Remuneration, Reimbursement and Other Benefits)

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

New Requirements for Reporting Fund Balance in Governmental Funds, January 7, 2011

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>

Regulation approved: **September 13, 2011**

FRUTIVALE SCHOOL DISTRICT, Bakersfield, CA

(Reviewed December, 2011)