

Business and Noninstructional Operations

BP 3100 (a)

BUDGET

The Board of Education recognizes its critical responsibility for adopting a sound budget for each fiscal year which is aligned with **and reflects** the district's vision, goals, ~~and~~ priorities, **local control and accountability plan (LCAP), and other comprehensive plans**. 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. 0220 – Goals for the School District)

(cf. 0400 - Comprehensive Plans)

(cf. 0460 - Local Control and Accountability Plan)

(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

~~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.~~

The Board shall hold a public hearing on the proposed budget in accordance with Education Code 42103 and 42127. The hearing shall occur at the same meeting as the public hearing on the district's LCAP and the local control funding formula (LCFF) budget overview for parents/guardians. (Education Code 42103, 42127, 52062, 52064.1)

(cf. 9320 – Meetings and Notices)

(cf. 9322 – Agenda/Meeting Materials)

(cf. 9323 – Meeting Conduct)

BUDGET (continued)

The Board shall adopt the district budget at a public meeting held after the date of the public hearing but on or before July 1 of each year. The Board shall adopt the budget following its adoption of the LCAP, or annual update to the LCAP, and the LCFF budget overview for parents/guardians. The budget shall include the expenditures necessary to implement the LCAP or the annual update to the LCAP. (Education Code 42127, 52062)

~~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.~~

The budget that is presented at the public hearing as well as the budget formally adopted by the Board shall adhere to the state's Standardized Account Code Structure as prescribed by the Superintendent of Public Instruction (SPI). (Education Code 42126, 42127)

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 Board shall file the adopted district budget with the County Superintendent of Schools. The budget and supporting data shall be maintained and made available for public review. (Education Code 42127)

(cf. 1340 - Access to District Records)

If the County Superintendent disapproves or conditionally approves the district's budget, the Board shall review and respond to the County Superintendent's recommendations at a regular 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. (Education Code 42127)

Budget Advisory Committee

The Superintendent or designee may appoint a budget advisory committee composed of staff, Board representatives, and/or members of the community.

The committee shall ~~develop~~ **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. ~~or the Superintendent or designee.~~

(cf. 1220 – Citizen Advisory Committees)

(cf. 2230 – Representative and Deliberative Groups)

(cf. 3350 – Travel Expenses)

(cf. 9130 – Board Committees)

(cf. 9140 – Board Representatives)

BUDGET (continued)**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 district budget shall be developed 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, LCFF revenue, salaries and benefits, other revenues and expenditures, facilities maintenance, deficit spending, fund balance, and reserves. In addition, the Superintendent or designee 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. (Education Code 33128, 33129, 42127.01; 5 CCR 15440-15451)

The district budget shall provide for increased or improved 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 in accordance with 5 CCR 15496. Unduplicated students are students who are eligible for free or reduced-price meals, English learners, and/or foster youth. (Education Code 42238.07; 5 CCR 15496)

(cf. 3553 - Free and Reduced Price Meals)
(cf. 6173.1 - Education for Foster Youth)
(cf. 6174 - Education for English Learners)

~~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)

BUDGET (continued)**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.~~ **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 ~~or designee~~ and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. **The Superintendent shall have discretion to further delegate the authority to assign funds.**

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 intends to maintain a minimum unassigned fund balance which includes a reserve for economic uncertainties 3 percent of general fund expenditures and other financing uses.~~

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 ~~this~~ **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.

BUDGET (continued)**Reserve Balance**

The district budget shall include a minimum reserve balance for economic uncertainties that is consistent with the percentage or amount specified in 5 CCR 15450.

In any year following the fiscal year in which the district is notified by the SPI that the amount of monies in the state Public School System Stabilization Account equals or exceeds three percent of the combined total of general fund revenues appropriated for school districts and allocated local proceeds of taxes, the district budget shall not contain a combined assigned or unassigned ending general fund balance that is in excess of 10 percent of these funds, unless the requirement is waived in accordance with Education Code 42127.01. (Education Code 42127.01)

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)

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 shall annually present 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, the Board shall disclose 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)

~~When~~ The Superintendent or designee shall annually present a report to the Board on the estimated accrued but unfunded cost of workers' compensation claims, and the actuarial reports upon which the estimated costs are based. ~~the Board shall disclose,~~ As a separate agenda item at the same meeting, the Board shall disclose 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. (Education Code 42141)

BUDGET (continued)**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. 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 ~~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 budget adoption, interfund transfers are needed to meet actual program expenditures, and/or other significant changes occur that impact budget projections.

*Legal References:*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**41202 Determination of minimum level of education funding**42103 Public hearing on proposed budget; requirements for content of proposed budget**42122-42129 Budget requirements**42130 - 42134 Financial certifications**42140 - ~~42141~~ 42142 Disclosure of fiscal obligations**42238-42251 Apportionments to districts, especially:**42238.01-42238.07 Local control funding formula**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**52060-52077 Local control and accountability plan*GOVERNMENT CODE*7900-7914 Appropriations limit**21710-21716 California Employer's Pension Prefunding Trust Program*CODE OF REGULATIONS, TITLE 5*15060 Standardized account code structure**15440-15451 Criteria and standards for school district budgets**15494-15497 Local control funding formula, supplemental and concentration grant expenditures**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*

BUDGET (continued)

FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM PUBLICATIONS

*Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, September 2006
December 2015*

GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Best Practice: Appropriate Level of Unrestricted Fund Balance in the General Fund, 2009 Fund Balance
Guidelines for the General Fund, September 2015*

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

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

*Statement 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, June
2015*

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>

Policy amended: April 15, 2021

Policy amended: January 19, 2012

Policy amended: November 4, 2010

Policy amended: January 14, 2010

Policy amended: February 5, 2009

Policy adopted: April 19, 2007

Business and Noninstructional Operations

AR 3100 (a)

BUDGET

Budget Advisory Committee

Membership of the district's budget advisory committee may include representatives of each of the following groups:

1. Governing Board members, provided that less than a majority of the Board serves on the committee

(cf. 9140 - Board Representatives)

2. District and school site administrators
3. Representatives of bargaining units
4. Certificated and/or classified staff
5. Parents/guardians
6. Representatives of the business community and/or other community members
7. Students

(cf. 1220 - Citizen Advisory Committees)

(cf. 2230 - Representative and Deliberative Groups)

(cf. 9130 - Board Committees)

The committee's duties may include, but **are** not necessarily ~~be~~ limited to:

1. Making recommendations regarding budget priorities **which align with the district's vision, goals, priorities, local control and accountability plan (LCAP), and other comprehensive plans**
2. Recommending cost reduction strategies, such as identifying services that may be reduced, made more efficient, or discontinued
3. Reviewing the clarity and effectiveness of budget documents and communications
4. Presenting progress reports on the committee's work and a final report of recommendations to the Superintendent or designee and to the Board

The specific duties of the committee shall be clearly defined and presented to each member in writing, along with any background information necessary for the successful completion of the committee's charges, the timelines for reporting the committee's progress, and timelines for completion of each task.

(cf. 3350 - Travel Expenses)

Initial Budget Adoption

~~On or before July 1 of each year, the Board shall adopt a budget which adheres to the state's standardized account code structure (SACS) as prescribed by the Superintendent of Public Instruction (SPI). (Education Code 42126, 42127)~~

BUDGET (continued)**Public Hearing**

~~Before adopting the District budget for the subsequent fiscal year, the Governing Board shall hold a public hearing. An agenda for this hearing~~ **The agenda for the public hearing on the district budget** shall be posted at least 72 hours before the hearing and shall indicate the location where the budget may be inspected. The proposed budget shall be available for public inspection at least three working days before this hearing. (Education Code 42103, 42127, **52062**)

(cf. 0460 - Local Control and Accountability Plan)

(cf. 9320 - Meetings and Notices)

(cf. 9322 - Agenda/Meeting Materials)

The Superintendent or designee shall notify the County Superintendent of Schools of the location, **and** dates ~~and times~~ at which the proposed budget may be inspected, as well as the location, date, and time of the public hearing, in sufficient time for the County Superintendent to publish such information in a newspaper of general circulation at least 10 days but not more than 45 days before the hearing, **as required by Education Code 42103.**

**Whenever the proposed district budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties adopted by the State Board of Education, the district shall provide, for each fiscal year included in the budget, the following information for public review and discussion at the public hearing:
(Education Code 42127; 5 CCR 15450)**

- 1. The minimum recommended reserve for economic uncertainties**
- 2. The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve**
- 3. A statement of reasons substantiating the need for the combined assigned and unassigned ending balances that are in excess of the minimum recommended reserve**

During the hearing, any district resident may ~~speak~~ **appear and object** to the proposed budget or to any item in the budget. The hearing may conclude when all residents who have requested to be heard have had the opportunity to speak. (Education Code 42103)

(cf. 9323 - Meeting Conduct)

~~The Superintendent or designee shall file the adopted budget with the County Superintendent no later than five days after adoption or by July 1, whichever occurs first. The budget and supporting data shall be maintained and made available for public review. (Education Code 42127)~~

(cf. 1340 - Access to District Records)

Revised Budget

~~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 are consequently necessary. (Education Code 42127)~~

BUDGET (continued)

~~If the County Superintendent disapproves the District's budget, the Board shall review and respond to his/her recommendations at a public meeting on or before September 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. (Education Code 42127)~~

Budget Review Committee for Disapproved Budgets

If the district's revised **adopted** budget is disapproved by the County Superintendent **for any reason other than disapproval of the district's LCAP or annual update to the LCAP**, the budget shall be reviewed by a budget review committee, unless the Board and County Superintendent agree to waive the requirement and the California Department of Education accepts the waiver. (Education Code 42127)

This committee shall consist of either: (Education Code 42127.1, 42127.2)

1. Three persons selected by the Board from a list of candidates provided by the **Superintendent of Public Instruction (SPI)**, who shall be selected within five working days after receiving the list of candidates
2. A regional review committee **selected and** convened by the County Superintendent with the approval of the Board **and SPI**

If the budget review committee recommends disapproval of the district budget, the Board may submit a response **to the SPI** no later than five working days after receipt of the committee's report. The response may include any revisions to the adopted final budget and any other proposed actions to be taken as a result of the committee's recommendations. (Education Code 42127.3)

If the SPI disapproves the district budget after reviewing the committee's report and the district's response, the Board shall consult with the County Superintendent ~~as he/she~~ **to** develops and adopts, by ~~November 30~~ **December 31**, a fiscal plan and budget that will allow the district to meet its **current fiscal year and multiyear** financial obligations. For the current fiscal year, the district shall operate in accordance with the budget adopted by the County Superintendent. (Education Code 42127.3)

Until the District receives approval of its budget, it shall continue to operate either on the basis of the prior year's budget or on the basis of the current year's unapproved budget as adopted and revised by the Board, whichever budget contains a lower total spending authority. (Education Code 42127.4)

Regulation amended: April 15, 2021

Regulation amended: February 5, 2009

Regulation approved: April 19, 2007