

Business and Noninstructional Operations

BUDGET

The Board of Education recognizes its critical responsibility for adopting a sound budget for each fiscal year which is aligned with the District's Vision, Values, goals, ~~and~~ priorities, and Local Control and Accountability Plan (LCAP). 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. 3000 - Concepts and Roles)

(cf. 3300 - Expenditures/Expending Authority)

(cf. 3460 - Periodic Financial Reports)

(cf. 9000 - Role of the Board [Powers and Responsibilities])

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/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, including development of budget priorities based on identified District needs and goals and on realistic projections of available funds.

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 hearing shall occur at the same meeting as the public hearing on the District 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)

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The Board shall adopt the District budget at a public meeting held after the date of the public hearing 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 adhere to the State's Standardized Account Code Structure as prescribed by the Superintendent of Public Instruction. The Superintendent/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 budget with the County Superintendent of Schools. The budget and supporting data shall be maintained and made available for public review. (Education Code 42127)

If the County Superintendent disapproves or conditionally approved the District 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/designee may appoint a Budget Advisory Committee composed of staff and/or members of the community.

The committee shall develop 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/designee.

(cf. 1220 - Citizen Advisory Committees)
(cf. 2230 - Representative and Deliberative Groups)
(cf. 9130 - Board Committees)
(cf. 9140 - Board Representatives)

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Budget Criteria and Standards

In developing the District budget, the Superintendent/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, LCFF Revenue, 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, status of labor agreements, the LCAP, and LCAP expenditures. (Education Code 33127, 33128, 33129; 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)

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.

(cf. 2210 - Administrative Leeway in Absence of Governing Board Policy)
(cf. 3110 - Transfer of Funds Between Categories; Amendments)

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Fund Balance Policy

The Fund Balance Policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. It also is intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. The Fund Balance Policy should be established based upon a long-term perspective, recognizing that stated thresholds are considered minimum balances. The main objective of establishing and maintaining a Fund Balance Policy is for the District to be in a strong fiscal position that will allow for a better position to weather negative economic trends.

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.

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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 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 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.

Unassigned Fund Balances

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 aforementioned components of fund balance. For financial statement reporting purposes, these reserves are included in the Unassigned Fund Balance. The Reserve for Economic Uncertainty is included in the Unassigned Fund Balance.

Reserve for Economic Uncertainty – The Board recognizes that good fiscal management comprises the foundational support of the entire District. The primary purpose of this reserve is to avoid the need for service level reductions in the event of unanticipated changes in revenues or expenditures. To make that support as effective as possible, as soon as fiscally possible, the Board intends to maintain a minimum Reserve for Economic Uncertainties of 8% of the District's General Fund annual operating expenditures. If the Reserve for Economic Uncertainties drops below 8%, it shall be recovered as soon as fiscally possible. In the event of unanticipated changes in revenues or expenditures, it is the responsibility of the Superintendent/Designee to report the projections to the Board when they become known.

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)

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Long-Term Financial Obligations

The District current-year budget and multiyear projections shall include adequate provisions for addressing the District 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. 4142 - Employee Organizations' Communications/Contracts)
(cf. 4143/4243 - Negotiations/Consultation)
(cf. 7210 - Architectural and Engineering Services)
(cf. 9250 - Remuneration, Reimbursement, and Other Benefits)

Budget Amendments

No later than 45 days after the Governor signs the annual Budget Act, the Superintendent/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. (Education Code 42127)

Whenever revenues and expenditures change significantly throughout the year, the Superintendent/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 significant changes occur that impact budget projections.

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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
42238-42251 Apportionments to districts, especially:
42238.01-42238.07 Local control funding formula
42602 Use of unbudgeted funds
42610 Appropriation of excess funds and limitation thereon
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
2171-21716 California Employers' 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 expenditure

Management Resources:

CSBA PUBLICATIONS

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, December 2015

GOVERNMENT FINANCE OFFICERS ASSOCIATION

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

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

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

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

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WEB SITES

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

California Department of Education, School Fiscal Services Division:
<http://www.cde.ca.gov/fiscal>

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>

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

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

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

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

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

Policy

Adopted: 11/13/90

Revised: 05/24/11

Revised: 12/14/16

Revised: 06/19/19

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Chula Vista, California