

**BUDGET**

The Board of Education accepts responsibility for adopting a sound budget that is compatible with the District's vision and goals. 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. 3300 - Expenditures/Expending Authority)*  
*(cf. 3460 – Financial Reports and Accountability)*  
*(cf. 9000 – Role of the Board)*

The Board encourages public input in the budget development process and shall hold public hearings in accordance with law.

*(cf. 9320 - Meetings and Notices)*  
*(cf. 9322 – Agenda/Meeting Materials)*  
*(cf. 9323 – Meeting Conduct)*

The Superintendent or designee shall determine the manner in which the budget is developed and shall schedule the budget adoption process in accordance with the dual budget adoption process.

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.

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.

**Fund Balance Policy**

The District will maintain reservations of Fund Balance, as defined herein, in accordance with Government Accounting and Financial Standards Board Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. This policy shall only apply to the District's governmental funds. 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.

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The policy also authorizes and directs the Chief Business Official to prepare financial reports which accurately categorize fund balance as per Governmental 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. Fund Balance shall be composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

- **Nonspendable Fund Balance** consists of funds that cannot be spent due to their form (e.g. Inventories and prepaids) or funds that legally or contractually must be maintained intact.
- **Restricted Fund Balance** consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.
- **Committed Fund Balance** consists of funds that are set aside for a specific purpose by the District's highest level of decision making authority (governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- **Assigned Fund Balance** consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.
- **Unassigned Fund Balance** consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

**Authority to Commit Funds**

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 taken, such as a majority vote or resolution. 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 30, however the amount can be determined subsequent to the release of the financial statements.

**BUDGET****Authority to Assign Funds**

Authority is given to the District's Superintendent or Chief Business Official to assign funds for specific purposes. The Governing Board has the authority to remove or change the assignment of the funds with a simple majority vote.

**Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed fund, then assigned funds, and finally unassigned funds, as needed, unless the Governing Board has provided otherwise in its commitment or assignment actions.

**Unassigned Fund Balance**

The Governing Board maintains a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. This policy establishes a minimum Reserve for Economic Uncertainties consisting of unassigned amounts equal to not less than three percent of General Fund expenditures and other financing uses. In the event that the balance drops below the established minimum level, the District's Governing Board will develop a plan to replenish the fund balance to the established minimum level within two years.

Compliance with the provisions of this policy shall be reviewed, presented, and discussed as part of the Unaudited Actuals Financial Reporting process and presentation to the Governing Board. The amounts of nonspendable, restricted, committed, assigned, and unassigned fund balances shall be reported in the Unaudited Actuals report.

*(cf. 3460 - Financial Reports and Accountability)*

**Legal Reference:****EDUCATION CODE**

1620-1630 County office of education budget approval

33127 Development of standards and criteria for local budgets and expenditures

33128 Standards and criteria

33129 Standards and criteria; use by local agencies

35035 Powers and duties of superintendent

35161 Powers and duties, generally, of Board of Education

42103 Public hearing on proposed budget; requirements for content of proposed budget; publication of notice of hearing

42103.3 Public budget information; CDE sampling and suggested improvements

42122-42129 Budget requirements

42132 Resolutions identifying estimated appropriations limit

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*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*

**GOVERNMENT CODE**

*7900-7914 Expenditure limitations*

**CODE OF REGULATIONS, TITLE 5**

*15440-15452 Criteria and standards for school district budgets*

*15467-15479 Criteria and standards for county office of education budgets*

*Management Resources:*

**CDE MANAGEMENT ADVISORIES**

*0203.92 Implementation of AB 1200, 92-03*

Policy

Adopted: June 25, 2001

Revised: June 6, 2011

**BREA OLINDA UNIFIED SCHOOL DISTRICT**

Brea, California