

BUDGET DEVELOPMENT AND ADMINISTRATION POLICIES

The purpose of these policies is to promote administrative leadership, define budgetary responsibility, provide for the most effective use of public funds, and to promote public accountability for the expenditure of these funds.

It is understood that the Board holds the overall responsibility for the establishment and oversight of the budget and its implementation. However, to assist it in the discharge of its legal responsibilities, the Board assigns a specific budgetary responsibility to the administration of the District.

The Board adopts the following for the control and implementation of its annual budget.

General Fund Budget Policies

- A. The District will cover current expenditures with current revenues. The District will avoid using one-time revenues to pay for on-going expenditures.
- B. The budget will provide for K-12 instruction programs, administration, support services, adequate maintenance of land, building and equipment, and for orderly replacement of equipment.
- C. To ensure on-going financial stability, the District shall not adopt a budget or budget amendment in which anticipated expenditures exceed anticipated revenues. In other words, the Excess of Revenues Over (Under) Expenditures shall be a positive number. This would not include other financing sources or uses such as transfers to/from other funds and sale of assets as designated in the annual District audit.
- D. In order to maintain and protect the long-term financial stability of the District, the total Fund Balance of the General Fund will be maintained at a level of 10% of total General Fund expenditures, with an allowable variance of +/- 1%. Since this amount includes Nonspendable, Restricted, and Committed funds (such as building carryover and compensated absences) the remaining unassigned portion of the Fund Balance shall be no less than 5% of total General Fund expenditures.
- E. The District will develop and administer a long-range budget for the General Fund for a minimum of five (5) years, and update it annually.

Special Revenue Funds Budget Policies

- A. The current list of programs in the District's Special Revenue Funds

includes Kids Club, Tuition Pre-school, the Center for Active Adults, and the Food Service program.

- B. These programs are expected to cover current expenditures with current revenues, thus avoiding using one-time revenues to pay for on-going expenditures.
- C. All Special Revenue Fund programs are expected to pay an indirect cost fee of 6% of expenditures to the General Fund to help cover District overhead costs such as accounting, insurance, payroll and other services. Additionally, rent shall be charged based on building usage to help cover utilities, cleaning, repairs, and other costs.
- D. The District will maintain a minimum fund balance in each of its special revenue funds of 10% of total expenditures.

Capital Improvement Budget Policies

- A. The District will develop, administer, and update annually a five-year plan for building capital improvements.
- B. The District will develop, administer, and update annually a ten-year plan for bus replacements and additions.
- C. The District will develop, administer, and update annually a three-year plan for technology replacements and additions.
- D. The District will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvement will be projected and included in operating budgets.
- E. The District will maintain all assets at a level adequate to protect the District's capital investments and to minimize future maintenance and replacement costs.
- F. The District will maintain a fixed asset inventory system.

Debt Service Policies

- A. Debt shall not be used for current operational expenses.
- B. When the District finances capital outlay by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the asset acquired.

- C. Interest earned on revenue obtained from the issuance of debt obligations shall be credited to the Fund responsible for repayment of the debt.
- D. The District will meet all debt service obligations when due.

Budgetary Control

- A. The Superintendent or his/her designee will provide for an accurate accounting of all funds of the District. The Superintendent or his/her designee will gather all possible revenues due the District. The Superintendent or his/her designee will ensure that all expenditures are made in accordance with the budget and within all requirements set by federal law, state law, and Board policy.
- B. The budget of the District is developed on an appropriation unit basis. Each appropriation unit (i.e. cost center) is assigned to an appropriate District employee. These individuals are responsible to ensure that their budget levels are not exceeded. This person may be a District administrator, department supervisor, or building principal.
- C. It is recognized that the amount originally adopted for a particular expenditure can be affected by a subsequent increase in cost, change in priorities, or the occurrence of an unanticipated event, and may, therefore, require additional refining. However, any line item budget changes must be developed, reviewed and approved using the same process as the original budget (i.e. Shared Involvement Process, department committee).
- D. Any line item changes that do not increase or decrease the total dollars for a particular appropriation unit can be made throughout the year. Each transfer must be submitted to the Assistant Superintendent for Business and Finance for approval. These changes will be reflected in the subsequent Monthly Financial Report submitted to the Board.
- E. Any line item changes that would either increase or decrease the total dollars for a particular appropriation unit can only be made through a formal budget amendment approved by the Board.
- F. To ensure that dollars are spent efficiently, dollars remaining from school building budgets will be carried over to the subsequent fiscal year. Additionally, up to \$10,000 shall be carried over on an annual basis for the CITA Subject Area Committee budget. These dollars will be reserved in the District's fund balance and earmarked. After submitting an annual plan, these funds will be released to each appropriation unit after the next

budget amendment or remain designated in the fund balance.

Budget Amendment Policies

- A. Each year, an annual budget is formulated which represents the District's plan for expending funds during the upcoming fiscal period. When the budget is adopted, it is, at that point in time, the District's best estimate as to the most efficient allocation of financial resources.
- B. As conditions warrant, the District shall amend the annual budget. Every attempt will be made to amend the budget as soon as significant changes occur and can be measured. The Board shall be provided a summary of the budget amendment impact as well as detailed line item changes.

Budget Development Process

- A. The Board will adopt and follow a specific budget development procedure that includes a timeline for activities and actions and a definition of responsibilities for the same. The budget preparation process for the upcoming fiscal year begins in October each year and continues through the adoption of the budget in late June and publication of the final document in late August. The Finance Committee meets to review progress on budget development at various stages throughout this process.
- B. A preliminary financial forecast is prepared in November. In addition to including all known financial information to date, this forecast will include the impact of new and/or modified programs as well as Board/District goals and/or initiatives.
- C. In January, budget packets are sent out to all applicable personnel. The budget packets include financial information for the current, as well as previous, fiscal year. All departmental budgets will be reviewed on a zero budgeting basis. For school buildings, a per-pupil allocation is determined.
- D. For building allocations, the budgets must be reviewed and approved through the Shared Involvement Process or building team. For other budgets, it is encouraged that each appropriation unit supervisor includes other employees in the budget development process.
- E. By early May, a preliminary budget is presented to the Board. This document will include all known changes in revenues subsequent to the forecast as well as incorporate all proposed expenditures. This document will include a minimum of three years of financial data.

- F. The departmental budgets will be reviewed on a zero budgeting basis. That is, all expenditures must be justified.
- G. In late May or early June, a recommended budget is presented to the Board, incorporating the Finance Committee recommendations. At the same meeting, a public hearing will be held on the recommended budget. Public notice will be given indicating the date and time of the public hearing. The recommended budget is made available to the public or other interest parties prior to the public hearing as required by state law.
- H. Adoption of the budget must be made annually prior to July 1st. The budget adoption is scheduled during the month of June. At the budget adoption meeting in June, the board will approve and adopt a line item budget that represents the projected revenues and intended expenditures for the district during the annual budget year.
- I. The formal adopted budget document is completed no later than the month of August.

Budget Communication

- A. The adopted budget will be posted on the District's website.
- B. The Preliminary and Recommended Budget and amendments approved by this Board will be placed on the District's website and made available to the public in the form and at the places required by law.
- C. Monthly financial reports shall be posted on the District's website.