

CAMBRIAN SCHOOL DISTRICT

Board Policy

Business and Non-Instructional Operations

Procedure 3100
September ??, 2022

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BUDGET

Budget Criteria and Standards

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, the 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, the 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)

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.

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 (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 that 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 and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. The Superintendent shall have the 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 assigned fund balance, and lastly from the unassigned fund balance.

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 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.

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 multiyear 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.

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. As a separate agenda item at the same meeting, the Board shall disclose whether 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)

Public 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)

The Superintendent or designee shall notify the County Superintendent of Schools of the location and dates 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 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)

Budget Advisory Committee

The District Budget Advisory Committee will be under the direction of the Chief Financial Officer.

Membership of the district's budget advisory committee may include representatives of each of the following groups as determined by the Chief Financial Officer:

- The Chief Financial Officer. (Chairperson)
- Governing Board members provided that less than a majority of the Board serves on the committee
- One site administrator selected by the Superintendent

- One teacher selected by the recognized teacher organization
- One member of the classified service selected by the recognized organization
- One parent from each school

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

1. Examine all information pertaining to projected income
2. Examine all information pertaining to fixed expenses
3. Formally solicit input from all segments of the educational community
4. Make recommendations regarding budget priorities that align with the district's vision, goals, priorities, local control and accountability plan (LCAP), and other comprehensive plans that the Chief Financial Officer will consider in his preparation of the budget for the Superintendent.
5. Recommending cost reduction strategies, such as identifying services that may be reduced, made more efficient, or discontinued
6. Reviewing the clarity and effectiveness of budget documents and communications
7. 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.

Budget Review Committee for Disapproved Budgets

If the district's budget is disapproved by the County Superintendent for any reason other than the 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), shall be selected within five working days of 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 of the district budget after reviewing the committee's report and the district's response, the Board shall consult with the County Superintendent to develop and adopt, by 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)