

ANNUAL OPERATING BUDGET

CE  
(LOCAL)

- Fiscal Year** The District shall operate on a fiscal year beginning July 1 and ending June 30.
- Budget Planning** Budget planning shall be an integral part of overall program planning so that the budget effectively reflects the District's programs and activities and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals shall be considered, as well as input from the District- and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and shall be a part of each month's activities.
- Budget Meeting** The annual public meeting to discuss the proposed budget and tax rate shall be conducted as follows:
1. The Board President shall request at the beginning of the meeting that all persons who desire to speak on the proposed budget and/or tax rate sign up on the sheet provided.
  2. Prior to the beginning of the meeting, the Board may establish time limits for speakers.
  3. Speakers shall confine their remarks to the appropriation of funds as contained in the proposed budget and/or the tax rate.
  4. No officer or employee of the District shall be required to respond to questions from speakers at the meeting.
- Authorized Expenditures** The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the District's approved purchasing procedures. The expenditure of funds shall be under the direction of the Superintendent or designee who shall ensure that funds are expended in accordance with the adopted budget.
- Budget Amendments** The Board shall amend the budget when a change is made increasing any one of the functional spending categories or increasing revenue object accounts and other resources.
- Financial Policy and Objectives** In order to meet its mission, the District depends on property tax collections, state aid, and grant revenues. The District receives revenues at various intervals during the year depending on both tax collections and state revenue as the majority of funding. The District receives the majority of its tax revenue in the months of December and January.
- The District recognizes the importance of maintaining its financial integrity; therefore, it has developed this policy to support its mission, goals, and objectives.

ANNUAL OPERATING BUDGET

CE  
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Financial Stability	<p>The District shall maintain a high level of financial stability and shall not compromise long-term financial integrity to achieve short-term goals.</p> <p>In an effort to provide adequate cash flow for its operations, maintain a strong credit rating, and plan for unanticipated extraordinary costs, the District shall maintain, where possible, two and one-half months of unassigned fund balance.</p>
Funds from Operations	<p>The District's general fund shall provide adequate funding to support the following:</p> <ol style="list-style-type: none"><li>1. Cash flow needs;</li><li>2. Quality instructional programs;</li><li>3. Bond ratings;</li><li>4. Unfunded state-mandated costs;</li><li>5. Changes in state funding formulas that impact cash flow; and</li><li>6. Unanticipated extraordinary costs.</li></ol>
Revenue	<p>The District's revenue levels shall be evaluated annually with the administration's recommendations giving consideration to the following:</p> <ol style="list-style-type: none"><li>1. Cash flow needs;</li><li>2. Bond ratings;</li><li>3. Operating requirements;</li><li>4. Current business conditions, including the local economy;</li><li>5. Economic projections, including property values, the state's economy, legislative issues, and the like;</li><li>6. Student growth assumptions; and</li><li>7. The projected level of expenditures.</li></ol>
General Operating Fund Expenditures	<p>All expenditures from the general fund shall maintain the following priorities of obligation:</p> <ol style="list-style-type: none"><li>1. Payments of all legal and reasonable expenditures relating to maintenance and operations of the District's general fund.</li><li>2. Payments to special revenue funds that require a matching amount for federal or state grants, including the child nutrition fund and the construction fund.</li></ol>

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	<p>All remaining funds shall be applied to maintaining a fiscal year ending cash balance (unassigned fund balance) that includes, where possible, two and one-half months of operating costs.</p>
Reporting	<p>The District shall prepare financial operations reports in accordance with the following:</p> <ol style="list-style-type: none"><li>1. Monthly financial reports shall be provided to the Board.</li><li>2. An annual financial plan (budget) detailing revenues and expenditures shall be provided for the Board's approval prior to July 1 of each fiscal year.</li><li>3. An annual audit shall be conducted by an external professional auditing firm that includes the necessary details to reconcile the District's financial operations for the year. The audit report shall be submitted for review and approval by the Board after the end of the fiscal year.</li></ol>
Order of Expenditure	<p>The order of spending and availability shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned. Negative amounts shall not be reported for restricted, committed, or assigned funds.</p>
Definitions	<p>Fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet.</p>
<i>Fund Balance</i>	
<i>Fund Balance of General Fund</i>	<p>The fund balance of the general fund, one of the governmental fund types, is of primary significance because the general fund is the primary fund, which finances most functions in the District. The fund balance of the general fund shall mean the gross difference between general fund assets and liabilities reflected on the balance sheet.</p> <p>The five classifications of the fund balance of the governmental types are as follows:</p>
Non-Spendable Fund Balance	<ol style="list-style-type: none"><li>1. Nonspendable fund balance reserves for which fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories) or that is legally earmarked for a specific use.</li></ol> <p>Examples of fund balance reserves for which fund balance shall not be available for financing general operating expenditures include:</p> <ul style="list-style-type: none"><li>• Inventories;</li><li>• Prepaid items;</li><li>• Deferred expenditures;</li></ul>

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- Long-term receivables; and
  - Outstanding encumbrances.
- Restricted Fund Balance      2.      Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.
- Examples include:
- Child nutrition;
  - Technology programs;
  - Construction programs; and
  - Other granting agencies – state and federal.
- Committed Fund Balance      3.      Committed fund balance shall mean the portion of fund balance that is constrained to a specific purpose by the Board.
- Examples include:
- Potential litigation, claims, and judgments; and
  - Campus activity funds.
- Assigned Fund Balance      4.      Assigned fund balance shall mean the portion of the fund balance that is spendable and available for appropriation but has been tentatively earmarked for some specific purpose by the Board, the Superintendent, or the chief financial officer.
- In current practice, such plans or intent may change and never be budgeted or result in expenditures in future periods of time.
- Examples include:
- Insurance deductibles;
  - Program or start-up costs; and
  - Other legal uses.
- Unassigned Fund Balance      5.      Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund shall be available to finance operating expenditures.
- The unassigned fund balance shall be the difference between the total fund balance and the total of the nonspendable fund balance, restricted fund balance, committed fund balance, and assigned fund balance.