
Budget Planning	Budget planning shall be an essential part of overall program planning so that the budget effectively reflects the ESC's programs and activities and provides the resources to implement them. Budget planning shall be in accordance with generally accepted accounting principles. In the planning process, general educational goals, specific program goals, and alternatives for achieving program goals shall be considered. Budget planning and evaluation are continuous processes and an integral part of ongoing ESC activities.
Schedules	The Executive Director or designee shall supervise the development of a budget calendar and a specific plan for budget preparation.
Availability of Proposed Budget	After it is presented to the Board and prior to adoption, a copy of the proposed budget shall be available upon request from the business office or Executive Director. The Executive Director or designee shall be available to answer questions arising from inspection of the budget.
Notice	Notice of the availability of the proposed budget and the time and place of the budget hearing, if any, shall be posted at the ESC administrative offices and communicated to member school districts in the region.
Budget Preparation and Adoption	The proposed budget shall be prepared and adopted no later than August 31. The adopted budget must be filed with TEA on or before the date established in the <i>Financial Accountability System Resource Guide</i> .
Authorized Expenditures	The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the ESC's approved purchasing procedures. The expenditure of funds shall be under the direction of the Executive Director or designee who shall ensure that funds are expended in accordance with the adopted budget.
Budget Amendments	The budget shall be amended when a change is made increasing any one of the functional spending categories or increasing revenue object accounts and other resources.
Fund Balance Purpose	<p>The purpose of this policy is to establish a fund balance/retained earnings policy tailored to the needs of the ESC to insure against anticipated events that would adversely affect the financial condition of the ESC and jeopardize the continuation of necessary public education services. This policy shall ensure the ESC maintains adequate fund balances/retained earnings in the ESC's various operating funds to provide the capacity to:</p> <ol style="list-style-type: none">1. Provide sufficient cash flow for daily financial needs;

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2. Offset significant economic downturns or revenue shortfalls; and
3. Provide funds for unforeseen expenditures related to emergencies.

Definitions

Fund balance shall mean the cumulative difference of all revenues and expenditures. Where the term fund balance is utilized, the term retained earnings may be substituted for proprietary funds.

Nonspendable fund balance shall mean the portion of the fund balance that is legally or contractually required to be maintained intact (and is generally not expected to be converted to cash).

Restricted fund balance shall mean the portion of the fund balance that is constrained for specific purposes by third parties such as grantors, bondholders, or by law.

Committed fund balance shall mean the portion of the fund balance that is constrained to specific purposes by the highest level of ESC decision-making authority. Only this same authority can unconstrain. The ESC's highest level of decision-making authority for which fund balance can be committed is the Board. Action to constrain resources should occur prior to the end of the fiscal year, though the exact amount may be determined subsequently.

Assigned fund balance shall mean the portion of the fund balance that the ESC intends to use for specific purposes as expressed by authorized administrators. The Executive Director has the ability to assign fund balances.

Unassigned fund balance shall mean the portion of the fund balance that is not restricted, committed, or assigned.

Policy

The ESC shall establish and maintain categories of fund balances/retained earnings in each of the various governmental and proprietary funds of the ESC. For the purpose of initially establishing the balance and maintaining hereafter, the ESC shall retain less than the maximum for each fund. Additional funds shall be retained in the unassigned fund balance to the extent available to reach target levels.

The Executive Director shall assign fund balance only for encumbrances.

Goals

General Fund

There shall be an unassigned fund balance no greater than 20 percent of the fiscal year expenditures of the fund. For purposes of this calculation, the fiscal year expenditures shall be the actual expenditures as of the most recent August 31 fiscal year end. This

amount shall be in addition to all other restrictions, commitments, and assignments of fund balance.

In the event that the unassigned fund balance exceeds the goal set forth herein, the excess may be used for any lawful purpose approved by the Board. The excess may be utilized first within the fund in which it was generated. If the excess is used within the same fund, in order to minimize the long-term effects of such use, the excess shall be appropriated either to:

1. Fund one-time expenditures or expenses that do not result in recurring operating costs or other one-time costs; or
2. Establish or increase restrictions, commitments, or assignments of fund balance or reservations of retained earnings in other funds.

Special Revenue Funds

Special revenue funds shall be created to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. No specific fund balances are created by virtue of enactment of this policy. The amount of fund balance shall be governed by the legal authority underlying the creation of the individual funds.

Capital Projects Fund

The capital projects fund shall be created to account for resources to construct or acquire general fixed assets or major improvements. These projects may extend beyond a single fiscal year. No specific requirement is established for the capital projects fund; however, at a minimum, the fiscal year-end restricted fund balance and estimated revenues for the ensuing fiscal year must be sufficient to meet all outstanding fund encumbrances.

Internal Service Funds

As a nongovernment fund, each internal service fund shall create a reservation of retained earnings in an amount necessary to ensure the retained earnings as of the end of each fiscal year is greater than or equal to zero. This amount shall be in addition to all other reservations of retained earnings, including, but not limited to, the amounts reserved for claims incurred but not paid as determined by an actuary. These funds are generally intended to operate on a "break-even" basis. In any fiscal year where it is projected that the actual amount of retained earnings will be less than or equal to zero at year end, it will be necessary to either increase the rates charged or reduce expenses or both and also can result in a transfer to or from the general fund.

Annual Review

Compliance with the provisions of this policy shall be reviewed as part of the annual budget process.