

Adoption: September 22, 2008
Revised June 27, 2011
Revised June 23, 2014
Revised November 28, 2016 [Routine Review]
Contact: Executive Director Finance and Support Services

POLICY 701.4 BUDGET PROCESS

I. PURPOSE OF POLICY

To provide direction for a systematic process to develop an annual budget, and to keep the public informed regarding the relationship between the educational and financial operations of the District.

II. GENERAL STATEMENT OF POLICY

The School Board will provide direction regarding the development of the District budget which will reflect the general financial philosophy and goals of the School Board and which provides a framework within which the school system's administrative team can operate. This process will conform to all federal, state and local laws. The School Board's general financial philosophy and goals are as follows:

- A. Establish levels of funding, which will provide quality education for the District's students.
- B. Develop budgets and to guide expenditures to achieve the greatest educational returns and the greatest contributions to the educational program in relation to dollars expended.
- C. Use the best available techniques of long-range planning, budget development, and budget administration, and to establish efficient procedures for accounting, reporting, purchasing, contracting, payments, auditing, and all other areas of fiscal management.
- D. Maintain adequate fund reserves so that the District avoids the negative financial impact associated with borrowing for normal operational needs.

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REGULATION 701.4 BUDGET PROCESS

I. PREPARATION OF THE BUDGET

Budget preparation shall include the following phases:

A. Preliminary Budget

The preliminary budget is a rough estimate of total revenues and expenditures in General Fund. It will be prepared between January and February of each year and presented to the School Board (Update Financial Planning Model with Prior Mid-Year Adjustments).

B. Adopted Budget

The adopted budget will be approved no later than June 30th of each year and will include the following:

1. Current and projected year-end balances.
2. Statements of estimated revenues by fund and source.
3. Statements of estimated expenditures by fund and program.
4. Statement of any potential variances that could significantly impact the budget.

C. Revised Budget

The revised budget will incorporate itemized amendments to the adopted budget. Said amendments, insofar as possible shall reflect changes in enrollment, legislation, negotiations, and other circumstances having a material impact on the District's finances. Typically, the revised budget will be approved in December or January; however, budget amendments may be submitted for School Board approval whenever material deviations are recognized and quantified.

Upon approval by the School Board, the budget represents authorization to the administration for all expenditures, which are to be made during the fiscal year

II. BUDGET RESERVE POLICIES

In preparing budgets, the administration shall be guided by the following budget reserve policies:

- A. It is desirable to have an unappropriated and undesignated balance in each of the District's operating funds in order to:
1. Provide a positive cash position at all times.
 2. Provide a cushion to smooth out revenue and expenditure variances.
 3. Cover appropriation deficiencies.
 4. Retain credit worthiness and a high bond rating.
 5. Provide for unexpected or emergency expenditures.
- B. Therefore, the School Board desires to maintain a minimum 5% of the annual expenditure budget as unassigned fund balance in the General Fund (less Capital Projects and Operating Capital).
1. When a fund balance is at or below 6% but greater than 5% of projected annual expenditures, administration shall specifically alert the School Board to this condition and propose options for the School Board to consider. Options might include actions such as:
 - a. Limiting new program proposals
 - b. Reductions in per-pupil allocations for non-personnel expenses
 - c. Adjustments in staffing ratios
 - d. Other economy measures, which do not materially degrade quality of program offerings or services.
 2. When a fund balance is at or below 5% of projected annual expenditures, administration shall specifically alert the School Board to this condition and shall propose measures to improve the balance. Such measures could include:
 - a. Eliminating new program proposals
 - b. Reductions in program offerings or services
 - c. Increases in student/staff ratios
 - d. Seeking additional revenues through referendum or other means.
 3. Annually, the School Board will consider administration's recommendation, review economic conditions and financial prospects and decide if the 5% unassigned fund balance is realistic.
- C. The School Board also desires to maintain a minimum fund balance in all Other Funds (Operating Capital (20%), Food Service (15%), and Community Education (8%)) of annual expenditure budget.

III. GUIDELINES FOR BUDGET DEVELOPMENT

The following guidelines have been adopted by the School Board for consideration when making budgetary decisions regarding expenditures and expenditure reduction.

A. General Considerations Impacting More Than One Fund

1. Services which other governmental agencies, private groups, or families themselves can assume (at least potentially) should be given extra consideration when making budget reductions.
2. Apply budget modifications objectively across all buildings in the District.
3. Where possible, make personnel cuts through attrition as opposed to layoffs.
4. Do not restore or add programs/services/personnel unless they can be sustained on a long-term basis.
5. Uphold Federal and State laws and regulations, policies and administrative regulations of the School Board, and contractual obligations with staff.
6. Consolidate programs or operate on a reduced basis in order to retain programs, eliminating them only when program funding is so minimal that public expectations cannot be met.

B. Budgetary Considerations Regarding Education-Related Items (General Fund)

1. Despite budget reductions, the educational system should remain progressive and dedicated to quality, serving the various capabilities and interests of all students. Efforts to promote student learning, advance administrative and instructional uses of technology, promote professional development, and improve programs should persist.
2. Maintain the integrity of basic programs. If programs need to be reduced or eliminated, use the District's Mission, Vision, Beliefs, and Strategic Policies as a guide in establishing priorities.
3. Within the General Fund, seek methods of cutting expenses that minimize the impact on the educational program.
4. Consider budget reductions, which adversely impact the fewest pupils.
5. Consider expanding class sizes to avoid total elimination of specialized programs such as art, music, technology education, and enrichment activities.

6. Consolidate programs or operate on a reduced basis, rather than totally eliminating programs.
 7. Rather than funding a program at a very minimal level, eliminate the program altogether to avoid misconceptions and misplaced expectations.
 8. Where possible, allow desired services to remain on a "pay-as-you go" basis or via user fees; regularly update fees and rental rates to reflect market conditions and reasonably reflect actual costs.
 9. Make cuts in services that might be subsidized by other groups such as parent/teacher organizations and booster groups.
- C. Budget Considerations Regarding Operations and Maintenance as well as Capital Expenses
1. Give strong consideration to health, safety, and risks of litigation.
 2. Avoid cutbacks in areas such as preventative maintenance, which, if not conducted on a timely basis, may lead to greater costs over the long term.
 3. Reduce the use of purchased or contracted services, using existing personnel wherever possible.
 4. If cutbacks are made in the area of housekeeping, attempt to spread the reductions in service such that the impact of the reductions is as minimal as possible.
 5. Revise building user fees and rents to reflect actual costs of operating the buildings.
- D. Budgetary Considerations Regarding Transportation Services
1. Consider eliminating or consolidating services where possible.
 2. Review all transportation services not required by law.
 3. Consider providing some services on a fee for service basis.
- E. Considerations Regarding the Process for Budgetary Decision-making
1. Each recommended adjustment would be accompanied by an impact statement for consideration prior to making budgetary decisions.
 2. Recommendations may take several forms, including but not limited to elimination, consolidation, delay, increasing revenues, and alternative methods of delivery of service. The impact statement will address implications of the type of reduction.
 3. The judgments of employees relative to consequences and likely impact of proposed budgetary reductions are to be considered.

4. When budget cuts are site-specific, implications of the cut on other sites and on programs and services across the District are to be considered.
 5. Community expectations regarding types and quantity of educational services needed are to be considered; that is, budgetary decisions ultimately are to recognize community values and priorities as expressed through individual citizens, organized groups, employees, and elected school officials. Whenever possible, opportunities for communication and consultation with multiple stakeholders will be provided prior to making budgetary decisions.
- F. Communicating Regarding School Finance Concerns
1. Lobby for adequate funding of public schools.
 2. Work to increase public awareness of the District's financial concerns.
 3. The Community Finance Advisory Committee (CFAC) will report to the Superintendent on how effectively the district is complying with this policy. The Superintendent will share the report with the School Board.