

BUDGET

The Board of Trustees recognizes its critical responsibility for adopting a sound budget for each fiscal year which is aligned with the District's vision, goals and priorities. The District budget shall guide administrative decisions and actions throughout the year and shall serve as a tool for monitoring the fiscal health of the District.

(cf. 0000 - Vision)

(cf. 3000 - Concepts and Roles)

(cf. 3300 - Expenditures/Expending Authority)

(cf. 3460 - Financial Reports and Accountability)

(cf. 9000 - Role of the Board)

The Superintendent or designee shall establish an annual budget development process and calendar in accordance with the single budget adoption process described in Education Code 42127.

The Board encourages public input in the budget development process and shall hold public hearings and meetings in accordance with law.

In reviewing the proposed budget, the Board shall consider District goals and priorities; the past, current and future fiscal obligations of the District, stability of funding sources, enrollment trends, legal requirements and constraints, anticipated increases and/or decreases in the cost of services and supplies, use of one-time resources, categorical program requirements, and any other factors necessary to ensure that the budget is a realistic plan for District revenues and expenditures.

Reserves**State Mandated Reserve Fund**

The Board shall establish and maintain a general fund reserve that meets the requirements of 5 CCR ~~15443~~ 15450. The District will maintain the State mandated reserve of not less than 3% of budgeted expenditures for economic uncertainty.

Community Funded School District Reserve Fund

Recognizing the unique status of Mill Valley School District (MVSD) as a Basic Aid District (hereon will be referred to as Community Funded School District) and that a reserve is a one-time funding source, the District will maintain a separate Community Funded School Reserve. Unlike revenue limit districts, Community Funded School Districts do not receive general funding from the state based upon District's average daily attendance of enrollment. As a Community Funded School District, MVSD is dependent on the local property tax revenue for the largest source of annual income. There is no relationship between enrollment and property tax allocation to the District.

BUDGET (continued)

Community Funded School Districts need a much higher reserve than revenue limit Districts. Because the volatility in local property tax revenue, due to the economy, affects a Community Funded School District immediately, there is no safety net provided by the state. It is critical that the Community Funded School District create its own safety net to protect educational programs for students, employee jobs, as well as the need for future expenditures due to enrollment growth.

In order to build a fiscally prudent reserve, the Board has designated a target of two times the current-year differential between community funded property taxes and the state's revenue limit guarantee. At a minimum, the Community Funded School District Reserve Fund shall be at least the current-year differential between the community funded property taxes and the state's revenue limit guarantee; or one month's average operating expenses, whichever is greater.

¶Every June when the budget is adopted, the Board will designate revenues to be added to the Community Funded School District Reserve Fund consistent with this policy. In assessing whether and to what extent to adjust the level of the Community Funded School District Reserve, the Board shall consider, among other factors, revenue and expenditure projections for the upcoming year as well as projections for at least the next two following years. This will allow the District to anticipate, to the extent possible, economic and policy consideration that could affect the financial health of the District.

The Community Funded School District Reserve Fund may be used only 1) to fund unanticipated expenditures of a non-recurring nature ~~expenses~~, (such as opportunity to acquire educational ~~instructional~~ materials on a shared funding basis) 2) to fund ~~capital outlay projects such as rehabilitation, modernization, and/or expansion of facilities; deferred maintenance projects and~~ the acquisition of equipment and furniture or to cover the cost of other unanticipated capital repair projects, or 3) in the event of a sudden and unexpected loss of or reduction in a significant revenue source.

A draw on the Community Funded School District Reserve Fund may be made if the following conditions are met:

1. The Reserve Fund will be repaid within 24 months. In the event a draw on the Community Funded School District Reserve Fund is approved, the Board shall direct the Superintendent to present a plan to replenish that Reserve Fund as part of the District's annual budget development process.

2. The draw will be made after the budget year commences and is done to offset unanticipated budget shortfalls in that year.

Other Reserves

Additionally, the Board may designate other reserve funds created for specific purposes, such as expenses due to enrollment growth, technology, program development, litigation, and/or facilities.

BUDGET (continued)**Budget Review**

Whenever revenues and expenditures change significantly throughout the year, the Superintendent or designee shall recommend budget amendments to ensure accurate projections of the District's net ending balance. Budget amendments may be submitted for Board approval when final figures for the previous year budget are available, collective bargaining agreements are made, expenditures or reserves must be decreased due to a decline in District income, increased revenues or unanticipated savings are made available to the District, program proposals are significantly different from those approved during budget adoption, and/or other significant changes occur that impact budget projections.

This Board Policy may be reviewed by the Board at any time.

(cf. 3110 - Transfer of Funds)

Legal Reference: see next page

BUDGET (continued)

Legal Reference:

EDUCATION CODE

1240 Duties of county superintendent of schools
33127-33131 Standards and criteria for local budgets and expenditures
35035 Powers and duties of superintendent
35161 Powers and duties, generally, of governing boards
42103 Public hearing on proposed budget; requirements for content of proposed budget
42120-42129 Budget requirements
42132 Resolutions identifying estimated appropriations limit
42602 Use of unbudgeted funds
42610 Appropriation of excess funds and limitation thereon
44518-44519.2 Chief business officer training program
45253 Annual budget of personnel commission
45254 First year budget of personnel commission

GOVERNMENT CODE

7900-7914 Appropriations limit
CODE OF REGULATIONS, TITLE 5
15060 Standardized account code structure
15440-15451 Criteria and standards for school district budgets

Management Resources:

CSBA PUBLICATIONS

Maximizing School Board Governance: Budget Planning and Adoption, 2006
Maximizing School Board Governance: Understanding District Budgets, 2006
School Finance CD-ROM, 2005

CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS

California School Accounting Manual

FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM PUBLICATIONS

Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, September 2006

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Statement 34, Basic Financial Statements and Management is Discussion and Analysis - For State and Local Governments, June 1999

Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, June 2004

WEB SITES

CSBA: <http://www.csba.org>
Association of California School Administrators: <http://www.acsa.org>
California Department of Education, Finance and Grants: <http://www.cde.ca.gov/fg>
California Department of Finance: <http://www.dof.ca.gov>
Fiscal Crisis and Management Assistance Team: <http://www.fcmat.org>
Governmental Accounting Standards Board: <http://www.gasb.org>
Legislative Analyst's Office: <http://www.lao.ca.gov>
School Services of California, Inc.: <http://www.sscal.com>

Policy

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MILL VALLEY SCHOOL DISTRICT

Mill Valley, California