

FRESNO COUNTY SUPERINTENDENT OF SCHOOLS  
FRESNO COUNTY BOARD OF EDUCATION**Business  
BUDGET**

The County Board accepts responsibility for approving the annual budget of the County Superintendent, which shall meet all legal requirements.

It is the responsibility of the County Superintendent or designee to develop a budget to be approved within the time limits set by law. The County Superintendent's budget shall show a complete plan and itemized statement of all proposed expenditures in each fund and the estimated cash balances and all estimated revenues for the current budget year and for the next two fiscal years, as well as the corresponding unaudited actuals amounts for the prior fiscal year. The budget shall also include the appropriations limit and the total annual appropriations subject to limitation as determined pursuant to Government Code 7900-7914. (Education Code 1629.)

In reviewing a proposed budget, the County Board may consider past, current and future fiscal obligations of the county office, stability of funding sources, the Local Control Accountability Plan ("LCAP"), enrollment trends, anticipated increases and/or decreases in the cost of services and supplies, use of one-time resources, and any other factors necessary to ensure that the budget is a realistic plan for county office revenues and expenditures.

The County Board shall approve the budget only after an LCAP is developed, public hearings are held for the LCAP and budget, and the LCAP or annual update to the LCAP is in place for the budget year. Expenditures necessary to implement the LCAP or the annual update during the subsequent fiscal year shall be included in the budget.

**Budget Development and Adoption Process**

The budget that is formally adopted by the County Board shall be in the format prescribed by the Superintendent of Public Instruction ("SPI"). The County Superintendent or designee may supplement this format with additional information as necessary to effectively communicate the budget to the County Board, staff, and public.

By July 1, the County Board shall file with the State Superintendent the adopted County Superintendent's budget and supporting data. The budget and supporting data shall be maintained and made available for public review. (Education Code 1622.)

If the SPI disapproves the county school service fund budget, the County Board and County Superintendent shall review and respond to his/her recommendations at a regularly scheduled County Board meeting on or before October 8. That response shall include the proposed actions to be taken, if any, as a result of those recommendations. (Education Code 1622)

No later than 45 days after the Governor signs the annual Budget Act, it is the responsibility of the County Superintendent to make available for public review any revisions made to the budget to reflect the funding made available by the Budget Act. (Education Code 1622)

**FRESNO COUNTY SUPERINTENDENT OF SCHOOLS  
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The County Board recognizes that the County Superintendent or designee, may spend funds appropriated in the budget within major object budget categories without County Board approval and may make transfers of appropriated funds between major object budget categories to meet necessary expenses. Any transfer of funds between major object budget categories shall be included in timely financial reports to the County Board.

Financial Reports

The County Board shall review interim budget reports presented by the County Superintendent twice annually. The first interim report shall cover the financial and budgetary status of the county office for the period ending October 31. The second interim report shall cover the period ending January 31. Both reports shall be reviewed by the County Board no later than 45 days after the close of the period being reported. (Education Code 1240, 1280.)

Budget Revision

As defined in the California School Accounting Manual, a budget revision means a net increase or decrease to the budget. Any revision to the budget in excess of \$25,000, whether a net increase or decrease in the amount of funds appropriated, shall be incorporated into the next interim financial report or other County Board report and presented to the County Board for discussion and approval at a regularly scheduled public meeting of the County Board. (Education Code 1280.)

Budget Criteria and Standards

The County Superintendent or designee shall develop a budget in accordance with criteria and standards adopted by the State Board of Education ("SBE"). The budget shall also provide that funding received through state supplemental and concentration grants pursuant to Education Code 1622 shall be used to increase or improve services for students who are English learners, eligible for free or reduced-price meals, and/or foster youth as described in the applicable LCAP.

Fund Balance

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the County Board and County Superintendent are bound to honor constraints on the specific purpose for which amounts can be spent. The five components are:

1. Non-spendable Fund Balance (inherently non-spendable funds, e.g., inventory)
2. Restricted Fund Balance (externally enforceable limitations on use of funds exist, e.g., restrictions imposed by law or constrained by grantors, contributors, or laws or regulations of other government entities)
3. Committed Fund Balance (limitations on use of funds)

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4. Assigned Fund Balance (limitation resulting from the intended use of funds)
5. Unassigned Fund Balance (residual net resources not assigned to categories 1 to 4 above)

The first two components listed above are not addressed in this policy due to the nature of their restrictions. This focus is on the financial reporting of unrestricted fund balances, or the last three components listed above.

Committed Fund Balance

The County Superintendent, with County Board approval, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken during budget adoption. These committed amounts cannot be used for any other purpose unless the County Superintendent, with County Board approval, removes or changes the specific use through the same type of formal action taken to establish the commitment. An action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined subsequent to June 30th but prior to the submission of the SACS Unaudited Actual Financial Reports.

Assigned Fund Balance

Amounts that are constrained by the County Board's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the Superintendent or the Chief Financial Officer for the purpose of reporting these amounts in the annual financial statements.

Unassigned Fund Balance

These are residual positive net resources of the general fund in excess of what can properly be classified in one of the other four categories. There are some reserves that do not meet the requirements of the aforementioned components of fund balance. For financial statement reporting purposes these reserves, including the reserve for economic uncertainties ("REU"), are included in unassigned fund balance.

The County Superintendent's budget will include an REU of at least 8% of total General Fund operating expenditures (including other financing), which is consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education and exceeds the reserve levels recommended in 5 CCR 15474. The primary purpose of this reserve is to avoid the need for service level reductions in the event an economic downturn causes revenues to come in lower than the budgeted amount. The REU may be increased from time to time in order to address specific anticipated revenue shortfalls, e.g., responses to state actions, etc.

**FRESNO COUNTY SUPERINTENDENT OF SCHOOLS  
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The County Superintendent's budget assumes restricted fund balances to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balances are available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the County Superintendent's budget assumes committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

**Minimum Fund Balance**

The Minimum Fund Balance is intended to address the minimum fund balance in the general fund by establishing an appropriate level of unrestricted fund balance that will be maintained in the general fund.

The County Board and County Superintendent reserve the authority to review and amend this policy as needed to reflect changing circumstances and county office needs.

Adopted: 11/15/2018

**Legal References****Education Code**

1040 Duty of the board to approve annual budget of the county superintendent of schools  
1042 Duty to review annual itemized estimate of anticipated revenue and expenditures, etc.  
1620-1625 Single budget  
14050 et.seq. County school service fund

**California Code of Regulations, Title 5**

17340 et.seq. County school service fund budget procedures