

FCUSD Budget Guidelines for 2022-2023

The development of the annual District budget is an important process to ensure resources are allocated toward the central mission and goals of the District. Faced with limited resources and increasing expectations for student achievement, the District has established budget guidelines to support the educational goals and long-term financial stability of the District.

There are many unpredictable factors that affect revenue and expenditures. Because of that, the district bases its budget on assumptions. This is the best information available at the time the budget is adopted. The adopted budget, therefore, should be considered a “financial snapshot” on the date it is approved. As variables change, formal adjustments approved by the board will be made throughout the course of the year.

Below are the parameters the fiscal team will use when developing the General Fund (01) Adopted Budget for the 2022-2023 school year in June 2022.

I) **INCOME**

A. Beginning Balance

- a. The Beginning Balance for July 1 is based on the estimated Ending Balance for the prior year.

B. Federal Income

- a. Estimated federal awards for budget year are generated by starting with the prior year allocation amounts and then they are adjusted for any one-time federal revenues and carryovers. Finally, adjustments may be made due to information received from Sacramento County Office of Education (SCOE) and/or School Services of California (SSCAL) regarding federal budget projections.

C. State Income

- a. The Local Control Funding Formula (LCFF) is comprised of local property taxes, EPA, and state aid. The LCFF establishes base grants by grade level and provides supplemental grant funding for low-income, foster youth, and English learner students.
 - i. LCFF funding is over 70% of District revenues so determining average daily attendance is key and is based upon enrollment projections.
 - ii. The main components to determine enrollment for the future include:
 1. Base enrollment from the current year by grade level (or cohort) moving forward into the following year (potential growth)
 2. Additional adjustment factors include new housing development (growth)
 3. The biggest factor for determining enrollment projections is the TK/K projection (and potential decline due to loss over graduating 12th grade Cohort)
 4. Impacts of other influences such as COVID-19 and upcoming immunization requirements (potential loss)
 - iii. Once enrollment is projected, it is converted to ADA based upon historical enrollment to attendance from CBEDS
 - iv. Supplemental funding is based off LCFF base funding times, the District Unduplicated Pupil Percentage (UPP) which are projected to be lower due to the state Universal Meals program and requirements for families to complete the NSLP Free/Reduced application.
 - v. Projections for COLA and LCFF levels will be based upon the Governor's May Revise
- b. Lottery and mandated cost revenues shall be budgeted per SSCAL recommendation from the budget dashboard.
- c. Special Education Local Planning Agency (SELPA) funds are going to be budgeted based on the AB 602 calculations.
- d. All other state income will be based upon known funding levels and historical allocations as appropriate.

D. County/Local Income/Grant Programs

- a. Interest income will be based upon cash flow assumptions and anticipated interest from the county investment pool.

- b. Facility use and rental fees will be budgeted based on the prior year and historical receipts (due to COVID-19).
- c. Donations from PTA's and individuals will only be budgeted when they are received.
- d. Grant and other local revenues will be based upon historical data and known grant funding if an MOU has been agreed to.

E. One-time Income

- a. New, one-time income shall be identified and shall be appropriated for expenditures that are of a non-recurring nature.

II) **EXPENDITURES**

A. Staffing Allocations

- a. Staffing makes up over 80% of the ongoing expenditures and salaries. Benefit costs are based on actual staffing with estimates for extra duty and substitutes.
- b. School site staffing allocations for certificated and classified personnel are based upon the budget book, state requirements, and contract language with bargaining groups when applicable.
- c. Staffing allocations for administration are reviewed annually and adjusted based on available funds and need for District support functions.
- d. Staffing reductions may be included for enrollment adjustments for specific grade levels and programmatic needs in order to present a balanced budget and to insure fiscal solvency for the District.
- e. All positions will be assumed to be filled for the entire fiscal year and fully budgeted at adoption. At budget interims costs will be adjusted if positions remain unfilled.
- f. New positions for enrollment growth or programmatic needs will be budgeted as well. Any new positions beyond adopted budget numbers, will be approved by the Superintendent or Assistant Superintendent, Business Services.

B. Salaries & Benefits

- a. Continuing salaries and negotiated settlements as of May 1, step and column increments, and longevity bonuses shall be projected into the budget year.
- b. All mandated employee benefits for retirement systems, workers' compensation, and unemployment shall be included at projected rates.
- c. Estimated medical, dental, vision, life, employee assistance, and long-term disability rates will be planned for in the budget.

C. New Employee Placement for Budgeting

- a. Employee placement on the salary schedule for new certificated personnel will be budgeted based on historical average salary schedule placement for new hires if new employees are not hired prior to the budget development timeline.

D. Student Instructional Materials

- a. The budget will be reviewed annually for (1) changes in enrollment and (2) allocation levels for books, supplies, and equipment. Final budget allocations will be included in the budget book for approval by the Board.

E. Carryover Funds

- a. Site carryover will not be carried forward unless approved by the Assistant Superintendent, Business Services.
- b. Department balances will not be carried forward unless approved by the Assistant Superintendent, Business Services.

F. Categorical Programs

- a. Categorical programs shall pay for all personnel costs (including fringe benefits) and non-personnel costs and shall operate within their income and authorized staffing.
- b. Categorical programs shall pay for their legal pro-rata share of indirect, direct support, and centralized services costs. Exceptions shall require the approval of the Superintendent and Board of Education.

G. OPEB Irrevocable Trust

- a. The District has currently suspended contributions to the Trust. Future contributions will be reviewed with the Board of Education during the 2021-2022 fiscal year for the 2022-2023 fiscal year.

H. New General Fund Program Requests

- a. Administration shall identify specific funding sources prior to recommending to the Board of Education a new general fund program or project.

I. Program Expenditures

- a. Personnel expenditures shall not exceed the budget for authorized FTE within each program.

J. Maintenance

- a. The District may designate 3% or more of its budget for the ongoing maintenance and upkeep of facilities to protect the District's investments and assets.

K. Deferred Maintenance

- a. The District may contribute the maximum that is allowed to the Deferred Maintenance Fund.

L. Inflationary Increases

- a. Inflationary and enrollment increases will be calculated for utilities, fuel, and insurance.

M. Opening of New Schools

- a. The District will plan for the opening of a new school by reserving one third of the startup funds in each of the three fiscal years prior to the opening of the school.

III) **RESERVES**

A. Restricted Fund Balance Programs

- a. Specially funded and categorical program carryover amounts will be designated as restricted reserves.

B. Economic Uncertainties

- a. The District will maintain a minimum 3% reserve as required by the State of California.

C. Non-spendable Fund Balance

- a. A reserve may be established for revolving cash on hand, stores inventory, prepaid expenses, and other contingencies.

D. Committed/Assigned Amounts

- a. Specific amounts may be established for revolving cash on hand, stores inventory, prepaid expenses, and other contingencies.
- b. The local reserve cap will take effect starting in 2022-2023 capping assigned local reserves to 10% and the Board will have to take formal action to allocate funds from assigned status to commit to meeting this requirement under Education Code Section 42127.01(a).
 - i. The local reserve 10% figure is measured as a percentage of total general fund expenditures, transfers out and other uses. This is the same as the computation used to determine a local district's minimum reserve level, or reserve for economic uncertainties (sometimes also known as designated for economic uncertainties). Assigned and unassigned fund balances in the Special Reserve Fund for Other than Capital Outlay Projects (Fund 17) are added to the general fund to determine total reserves subject to the cap. Excluded from the reserve computation are the non-spendable, restricted and committed components of the fund balance.
 - ii. The reserve for economic uncertainties is a stabilization-like arrangement or minimum fund balance policy and does not meet the criteria under GASB 54 to be reported as either restricted or committed, because the circumstances in which the reserve might be spent are by their nature nonspecific and routine. As such, the reserve shall be reported as a component of the unassigned fund balance using the unique object code 9789 established under the Standardized Account Code Structure (SACS). Therefore, the reserve component of the unassigned fund balance is subject to the reserve cap.

- iii. The initial commitment or modifying the commitment later will be done by governing board resolution and documented in the minutes of the board meeting. This ensures the highest level of transparency of the board's action to commit reserves for future district activities.

IV) **ALL OTHER FUNDS**

- A. All other fund programs shall pay for all personnel costs (including fringe benefits) and non-personnel costs. They shall operate within their income and authorized staffing.
- B. All other fund programs shall pay for their legal pro-rata share of indirect support, direct support, centralized services costs, utilities, and custodial services.
- C. Exceptions to the above shall require approval of the Superintendent and Board of Education.