

Budget planning and preparation are critical to the development of a budget likely to further the educational goals of the board and the State and to provide for the smooth operation of the school system.

**A. ELEMENTS OF BUDGET PLANNING**

The budget planning for the board and administration will include:

1. establishing the priorities of the school system, recognizing that improving student success will always be of paramount concern;
2. considering long-range facilities plans, goals and objectives as established by the board and school system staff when assessing the needs of the school system;
3. integrating budget planning into program planning so that the budget may effectively support and implement all programs and activities of the school system;
4. seeking opportunities to communicate with the county commissioners about needs on a regular basis, especially with regard to capital outlay;
5. seeking broad participation by administrators, teachers and other school system personnel and citizens;
6. exploring all practical and legal sources of income;
7. continually assessing the needs, revenues and expenses of the school system; and
8. identifying the most cost-effective means of meeting the school system's needs.

**B. PROCESS**

By January 31 of each year, the superintendent shall submit to the board a calendar outlining the steps to be followed and the target dates for development of the budget for the next fiscal year.

State statutes specify the deadlines by which the Superintendent must submit a recommended budget for the ensuing July 1 to June 30 fiscal year to the Board of Education each year (May 1st) and by which the Board of Education must submit its proposed budget to the Board of County Commissioners (May 15th). In order to provide the Board of Education with sufficient time to review the recommended budget, it is generally provided to the Board of Education in mid-April, in advance of the legal deadline. The superintendent shall prepare a proposed annual budget and submit it with his or her budget message to the board no later than May 1.

On the same day that the proposed budget is submitted to the board, the superintendent shall file a copy of it in his or her office, where it will remain available for public inspection until the budget resolution is adopted.

The board may hold at least one public hearing on the proposed budget prior to final action.

The board will consider the proposed budget and make such changes therein as it deems advisable. The board will submit the entire budget as approved by the board to the board of county commissioners no later than May 15, or such later date as may be fixed by the board of county commissioners.

Because the General Assembly will not have made its appropriations to the State Public School Fund, adopted salary schedules, or determined fringe benefit rates until late June at the earliest, the recommended budget presented to the Board of Education and the proposed budget submitted to the County Commissioners will involve projections of revenue and costs rather than certainties. In each case, projections of revenues and costs will be made based upon the most current information as provided by the Department of Public Instruction and other sources.

In order to meet their statutory deadline of June 30 for levying a tax rate and adopting a budget for the ensuing July 1 - June 30 fiscal year, the County Commissioners may often make their appropriation to the school system prior to the State Legislature's having taken final action. Because the school system cannot adopt a final budget until both the amount of support from the County Commissioners and from the State Legislature is known, frequently the school system may have to adopt an interim budget to satisfy its own statutory deadline rather than being able to adopt a full fiscal year budget by June 30th. A special meeting of the Board of Education will be called on or slightly before June 30th to adopt an interim budget if it is not possible to adopt a full fiscal year budget at that time.

This interim budget will appropriate funds in the same uniform budget format used in the full fiscal year budget. The amounts contained in the interim budget will cover salaries and the usual, ordinary, operating expenditures anticipated to occur during the period that the interim budget will be in effect and also any continuing or new capital projects which would be active during the period that the interim budget will be in effect for all the funds maintained by Buncombe County Schools:

- The State Public School Fund
- The Local Current Expense Fund
- The Federal Grants Fund
- The Capital Outlay Fund
- The Child Nutrition Fund
- The Other Specific Revenue Fund

A full fiscal year budget will be presented to the Board of Education as soon as complete information is available to the school system and a spending plan for each fund has been formulated which matches available revenue against projected expenditures.

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**C. PRINCIPLES TO BE FOLLOWED IN BUDGET PREPARATION**

An amount of fund balance equal to one-month's operating expenses for the Local Current Expense Fund (1/12 of the Local current Expense Fund's estimated revenue for the ensuring fiscal year) shall be committed by the Buncombe County Board of Education to remain unappropriated in the Local Current Expense Fund in order to meet the cash flow needs of not only the Local Current Expense Fund but also the State Public School Fund and the Federal Grants Fund should cash certifications for those two funds through the North Carolina Department of Public Instruction be delayed and also for support of employee medical spending account payments should they exceed the current collected balance of employee deductions. By vote of the majority of the Buncombe County Board of Education, the Board may remove this commitment and allow these funds to be appropriated to provide an emergency source of operating monies should a catastrophic event occur. The Buncombe County Board of Education recognizes that the ability to remove this commitment for the Local Current Expense Fund in the event of a catastrophic event may disqualify this commitment from being reflected on the face of the financial statements but affirms that leaving one month's fund balance/net assets unappropriated in the Local Current Expense Fund is board policy.

If a sufficient amount of fund balance exists beyond that which is committed under the above paragraph to allow a portion of total fund balance in the Local Current Expense Fund to be appropriated to balance the Local Current Expense Fund budget, a multi-year perspective should be used. Whenever possible, appropriated fund balance should be used to finance only non-recurring expenditures because it is a non-recurring resource. If appropriated fund balance is used to finance recurring expenditures, at most one-half of the total available should be appropriated in any one year's budget (unless a contingency plan has been formulated to reduce expenditures in the following year's budget to balance with the reduced resources that would be available in that following year). The Buncombe County Board of Education hereby acknowledges that the amount of fund balance appropriated to balance the subsequent year's budget constitutes an assignment of fund balance for that purpose and directs that an assignment of the amount appropriated in the interim or final budget adopted as of June 30<sup>th</sup> be shown as an assignment on the face of the financial statements.

Legal References: G.S. 115C-426.2, -427, -428, -429

Cross References:

Adopted: June 6, 2013

Replaces Board Policy 501