



# Provo City School District

## Policy Series 6000: Finances and Operations

Policy No. 6020

### Budget Preparation and Administration

#### Purpose

The purpose of the budget principles and policies of the Provo City School District Board of Education is to identify the guidelines that we intend to honor throughout our budgeting process as well as provide specific oversight regarding the preparation and administration of the budget as outlined in Utah State Code.

#### 1. Budget Process Guiding Principles

- A. Goals for student achievement should be a priority for the budget process.
- B. Programs and providers that have a demonstrated track record of success in achieving the Board's desired learning outcomes for students will be prioritized for funding.
- C. The budget process seeks to allocate available resources optimally, in a way that will create the most benefit for the children we serve, including instruction as well as safety and security
- D. The budget process will encourage review of past spending decisions, including identifying and discontinuing programs that are not achieving their objectives or are not as cost effective as available alternatives.
- E. The district budget will ensure that every student is given an equal chance to succeed through equity in funding among the general student population as well as providing extra support for struggling students.
- F. The district will maintain a long-term perspective in the budgeting process to ensure consistent application of proven strategies to better achieve student performance goals.
- G. The district will be transparent in the budgeting process, including providing true costs of serving students, identifying constraints on spending, and being clear regarding which actions are being funded.

#### 2. Operating Budget Policies

- A. The District will cover current expenditures with current revenues. The District will avoid budgetary procedures that cover current expenditures at the expense of meeting future years' expenditures, such as postponing expenditures, accruing future years' revenues, or rolling over short-term debt
- B. The budget will provide for adequate maintenance of capital, equipment, and for orderly replacement of capital facilities and equipment.
- C. The District will maintain a budgetary control system to assist in following the budget plan.
- D. The District will prepare monthly reports comparing actual revenues and expenditures to budgeted amounts.
- E. Where possible, the District will integrate performance measurement and productivity indicators with the budget.
- F. The District will use a budgeting method where all expenses must be justified each year.

#### 3. Capital Improvement Budget Policies

- A. The District will develop and administer a multi-year plan for capital improvements and update it annually.
- B. The District will budget for major capital projects in accordance with the priorities of the Board of education.

- C. The District will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budgets.
- D. The District will maintain all assets at a level adequate to protect the District's capital investment and to minimize future maintenance and replacement costs.
- E. The District will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the board for approval.
- F. The District will restrict any new or replacement construction to be consistent with state guidelines for school building utilization.

#### 4. Debt Management Policies

- A. The District will confine long-term borrowing to capital projects and purchases of equipment, as required by law.
- B. Total general obligation debt will not exceed 4% of the reasonable fair market value of taxable property within the District.
- C. The District will not use long-term debt for current operations.
- D. The District will meet all debt service obligations when due.
- E. The District will maintain communication with bond rating agencies about its financial condition. The District will follow a policy of full disclosure in every financial report and official statement.
- F. The District will provide to the capital markets ongoing disclosure of annual financial information and material events that may affect the District's financial strength.

#### 5. Revenue Estimation Policies

- A. The District will estimate annual revenues by an objective, analytical process. The District will not include revenue in the budget that cannot be verified with documentation of its source and amount.

#### 6. Fund Balance and Reserve Policy

- A. In order to maintain and protect the long-term financial capacity of the District, total fund balance and reserves in the General Fund will be maintained at or near 5% of total General Fund unrestricted revenues.
- B. The capital fund will maintain the minimum balance deemed adequate for emergency repair situations.

Legal References:       53G-4-302  
                                   53G-7-302  
                                   53G-7-303  
                                   53G-7-304  
                                   53G-7-305  
                                   53G-7-306  
                                   53G-7-309  
                                   Utah Constitution, Article XIV, section 4 (1)(b)

Revised:                 April 9, 2012  
                                   July 5, 2016  
                                   February 12, 2019