



Budgeting and Fiscal Management Adoption of Financial Practices Policy 6.1.0

POLICY. The District will maintain the following processes:

- 1.0 Financial Planning
- 2.0 Revenue
- 3.0 Expenditure

The District's adopted financial policies should be used to frame major practice initiatives and be summarized in the budget document.

These processes, along with any others that may be adopted, will be reviewed during the development of the operating budget. The Finance and Accounting staff should review the processes to ensure continued relevance and to identify any gaps that should be addressed with new processes. The results of the review should be shared with the Board of Trustees during the review of the proposed budget.

Process categories that should be considered for development, adoption and regular review are as follows:

1.0 Financial Planning

Financial planning addresses the need for a long-term view and the fundamental principle of a balanced budget. At a minimum, the District processes support:

- 1.1 Balanced Budget. The District shall adopt a process that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.
- 1.2 Long-Range Planning. The District shall adopt a process(s) that supports the long-term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.



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- 1.3 Asset Inventory. The District shall adopt a process to inventory and assess the condition of all major capital assets. This information should be used to plan for the ongoing financial commitments required to make the best use of public funds.

2.0 Revenue

Understanding the revenue stream is essential to prudent planning. Most of these policies seek stability to avoid potential service disruptions caused by revenue shortfalls.

- 2.1 Revenue Diversification. The District shall adopt a process that encourages a diversity of revenue sources in order to improve the ability to handle fluctuations in individual sources.
- 2.2 Fees and Charges for Services. The District shall adopt process that identifies the manner in which fees and charges for services are set and the extent to which they cover the cost of the service provided.
- 2.3 Use of One-time Revenues. The District discourages the use of one-time revenues for ongoing expenditures.
- 2.4 Use of Unpredictable Revenues. The District, as a matter of process, requires budget documents to identify the nature of collection and use of major revenue sources it considers unpredictable.

3.0 Expenditures

The District's expenditures define the ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability. The District shall maintain processes to address:

- 3.1 Debt Capacity, Issuance, and Management. The District, through the Board of Trustees, shall adopt a process that



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specifies appropriate uses for debt and identifies the maximum amount of debt and debt service that should be outstanding at any time.

- 3.2 Reserve or Stabilization Accounts. The District shall adopt a process to maintain a prudent level of financial resources to protect against the need to reduce service levels, raise taxes, modify charges for services or reallocate facility fees due to temporary revenue shortfalls or unpredicted one-time expenditures.
- 3.3 Operating/Capital Expenditure Accountability. The District shall adopt a process to compare actual expenditures to budget periodically and indicate actions to bring the budget into balance or other actions, if necessary. Comparisons may be of a financial nature or relative to measures of performance and results.