



BEAR VALLEY COMMUNITY SERVICES DISTRICT

POLICY TITLE: Budget Preparation and Management

POLICY NUMBER: 2110

ADOPTED: April 9, 2026

The primary budget objective is to provide the highest possible level of service to the residents of Bear Valley without impairing the District's sound financial condition. Continual efforts will be made to improve productivity, lower costs and enhance services.

2110.1 Financial Basis

The budget will be based on generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB) and best practice guidelines by the Governmental Finance Officers Association (GFOA).

2110.1.1 Funds

The budget will describe each governmental and enterprise fund as well as departments and divisions and will summarize expenditures and revenues categorically.

2110.1.2 Cost Allocation

Joint or common costs will be allocated between governmental and enterprise funds based upon a "fair" methodology that utilizes appropriate criteria (full-time employee equivalents, square footage, works stations, etc.). The allocation methodology will be reviewed each year as part of the budget process.

2110.2 Preparation

The District will prepare an annual budget document each fiscal year that provides a basic understanding of the District's planned spending for the coming fiscal year. There will be opportunities throughout the process for the public to provide input prior to final adoption of the budget.

No new program or service will be established without providing the necessary funding to operate the program or service. All new programs or services must include a five-year estimate of operating expenses, revenues, and the associated impacts on fees or charges.

2110.2.1 Draft Budget

The draft budget shall be prepared by the general manager with the input of the Finance Committee. The treasurer, finance committee, board of directors, and general manager jointly complete the budget preparation, review, adoption process, and budget calendar.

2110.2.2 Final Budget Adoption

On or before July 1 of each year, the District will publish a notice two weeks before the public hearing stating that the general manager has prepared a proposed final budget that is available for inspection. The notice shall include the date, time, and place when the board

of directors will meet to adopt the final budget. The final budget shall be adopted no later than September 1 each year and will be filed with the Kern County auditor and submitted to the State of California Department of Finance.

The operating budget (excludes Capital Improvement Program budget) must be balanced (annual expenditure may not exceed annual revenue) within each fund. If the proposed budget is not balanced, the approval of the budget must be made by a super majority of the board (four of the five directors).

2110.3 Reporting

The District will maintain a budgetary control system to ensure adherence to the overall budget for each governmental and enterprise fund and will prepare monthly reports comparing actual expenses and revenues for each fund.

No later than January 30 each year, the General Manager will prepare a mid-year budget review with projected expenditures and revenues through the end of the fiscal year and will present the review to the Board.

2110.4 Board Approval

The following budget actions require Board approval.

- Appropriation of reserves
- Transfers between funds
- Appropriation of unanticipated revenue
- Inter-fund loans
- New Capital Improvement Program (CIP) projects
- Increases to existing CIP projects

Transfers between budgeted activities or departments within the same fund do not require Board approval and are delegated to the General Manager. Transfers between line items within the same department are delegated to the appropriate department head, subject to the approval of the Administrative Services Director and General Manager.