FISCAL

Keeping Bond Spending Transparent and on Budget

A practical project-controls guide for school facilities programs, including state-funded expenditure reporting, forecasting, change control, reconciliation and executive-level transparency.

FOR DISTRICT LEADERS	Use this guide as a planning and discussion framework. State-program rules change over time, and project-specific legal, election, procurement, accounting, accessibility, and regulatory requirements should be confirmed with the district's appropriate professionals. Local bond oversight/audit requirements may involve authorities outside the source set used here; coordinate those obligations with the district's legal and fiscal professionals.

What this guide helps you do

- Use one financial language across finance, facilities and project teams.
- Manage commitments, expenditures and forecast - not invoices alone.
- Build OPSC reporting requirements into controls for state-funded projects.
- Keep changes, contingency, reconciliation and savings visible before decisions are made.

Use one financial language across the program

Transparent bond management starts with consistent definitions. Budget, commitment, expenditure, forecast, contingency, remaining balance and available program capacity should not mean different things to finance, facilities, construction management and the board.

A project can appear under budget if a report shows only invoices paid and ignores executed contracts, pending changes and remaining costs. A useful control report therefore shows both historical spending and the expected final cost.

SCOPE OF THIS GUIDE	OPSC/SAB sources govern state School Facility Program funding and reporting, not every local bond oversight requirement. Use this guide for facilities-program controls and state-funded reporting, and coordinate local bond-specific audit and oversight obligations with the district's legal and fiscal advisors.

Build the project and program control structure

The district needs controls at two levels: each individual project and the total bond program. The same coding and definitions should roll from detailed project transactions to executive reporting.

Approved budget	Construction, design, CM, testing, permits, technology, furniture/equipment, contingency and other owner costs.	All projects plus program reserves, unallocated costs and program contingency.
Commitments	Contracts, amendments, purchase orders and executed changes.	Total obligations across the portfolio.
Expenditures	Invoices and payments by project/cost code.	Actual cash use and burn rate across the program.
Forecast	Expected final cost including remaining commitments, pending changes and known risk.	Expected program completion cost and remaining capacity.
Contingency	Defined project contingency with controlled transfers.	Reserve for cross-project risk and escalation.
Schedule/cash flow	Milestones, procurement, construction and closeout.	Portfolio sequencing, issuance timing and cash requirements.

Add the OPSC reporting layer when state funds are involved

For School Facility Program projects, OPSC requires districts to report project expenditures and substantial progress. The official OPSC forms page identifies Form SAB 50-06 as the Expenditure Report used to record total project funding spent, including state and district shares. OPSC also provides the Detailed Listing of Project Expenditures and schedules for savings/overspending.

The OPSC Substantial Progress and Expenditure guidance explains how OPSC reviews progress and expenditures for SFP projects. These state reporting requirements should be built into the district's project controls rather than treated as a separate end-of-project exercise.

OFFICIAL CALIFORNIA SOURCE

OPSC - Forms and Expenditure Reporting
Open official source

OFFICIAL CALIFORNIA SOURCE

OPSC - Substantial Progress and Expenditure Guide
Open official source

Forecast final cost, not just current spending

Actual expenditures answer: “What has been paid?” Forecasting answers the management question: “Where do we expect this project to finish?” Every active project should maintain an estimate at completion that incorporates original contract value, approved changes, pending changes, remaining allowances, expected consultant costs, open purchase orders, contingency exposure and known risk.

Forecasts should be updated on a regular cadence. If a project is trending over budget, leadership should see that trend while scope, phasing, contingency or funding options remain - not after final invoices arrive.

Treat contingency as a governed risk resource

Identify what each contingency is for, who may approve its use and when unused amounts may be released. Avoid sweeping apparent savings from an active project before outstanding changes, claims, closeout costs and retention are understood.

Make change control visible before change orders are signed

A change log should begin when a potential change is identified, not when the executed change order arrives. For every issue, track the description, cause, initiator, cost estimate, schedule effect, status, responsible party and proposed funding source.

On DSA-jurisdiction projects, changes to approved documents may also require DSA review and approval. DSA explains that changes to approved drawings are typically made by change order and must be written and signed by the design professional in general responsible charge and the school district before DSA review/approval.

OFFICIAL CALIFORNIA SOURCE

DSA - Plan Review / Changes During Construction
Open official source

Reconcile facilities controls to the accounting system

Project-management systems and financial systems serve different purposes, but they must reconcile. Establish a recurring process to compare contract values, amendments, purchase orders, change orders, invoices, retention, encumbrances, transfers and project coding.

Create a short reconciliation report that identifies unexplained variances, the person responsible for correction and the target resolution date. Unresolved differences should not roll forward month after month until nobody can explain them.

> **STATE-FUNDING DISCIPLINE**
>
> OPSC can audit SFP expenditures and requires project expenditure reporting. A clean reconciliation trail makes state reporting, board reporting and final closeout significantly easier.

Report for understanding, not volume

An executive report should allow a board member or community reader to understand program status without reading a construction ledger. Use a consistent monthly format and allow drill-down to project detail when needed.

- Original authorization / available resources
- Current program and project budgets
- Committed amounts
- Expenditures to date
- Forecast at completion
- Project and program contingency
- Schedule status and next major milestone
- Material changes since last report
- Top risks and decisions needed
- State-funding status where applicable

For state-funded projects, separately identify the project's OPSC application information and required state reporting milestones so local and state obligations remain traceable.

Close the loop on savings and overspending

OPSC's forms library includes schedules used to report whether an SFP project had savings or was overspent, as well as a schedule for use of savings after closeout audit. This is a reminder that “savings” should be a defined, validated outcome - not simply the difference between budget and invoices paid at a moment in time.

OFFICIAL CALIFORNIA SOURCE

OPSC - Forms
Open official source

OFFICIAL CALIFORNIA SOURCE

OPSC - Proposition 2 Grant Agreement
Open official source

Frequently Asked Questions

Practical questions district leaders commonly ask when moving from planning into implementation.

What is the difference between committed and spent?

Committed funds are amounts the district has obligated through contracts, purchase orders or similar instruments. Spent funds are amounts actually paid. Both matter because an unspent commitment is still a financial obligation.

Why is forecast at completion more useful than “percent spent”?

Forecast at completion combines actuals with remaining commitments, pending changes, risk and expected future costs. Percent spent can look healthy even while a project is trending over budget.

What does OPSC require after state funds are released?

OPSC program pages state that funded projects must report expenditures using Form SAB 50-06 and report substantial progress. Verify the current regulation, form version and due dates for the specific apportionment.

Should a district use one contingency percentage on every project?

No single percentage fits every project. The appropriate reserve depends on design maturity, existing conditions, delivery method, complexity and risk. What matters is that the contingency is visible, purposeful and governed.

Are change orders automatically a sign of poor management?

No. Existing schools can contain concealed conditions and owner or code-related decisions can be legitimate. The management issue is whether changes are identified, documented, priced, approved and forecast early.

When can savings be moved to another project?

Only after the district has reasonable confidence that remaining obligations and risk are covered. For SFP projects, follow the current OPSC closeout/audit and savings procedures.

What should be reconciled monthly?

At minimum: budget, contracts/amendments, purchase orders, approved and pending changes, invoices, retention, encumbrances and project coding.

How should state funding appear in a bond dashboard?

Show state funding separately from local bond proceeds, including eligibility/application/apportionment status, state share, district share, expenditure reporting and material conditions.

How do we prevent multiple versions of the truth?

Define authoritative sources for budget, commitments, payments and forecast; assign update responsibility; reconcile them; and publish from one controlled reporting process.

What is the best sign that reporting is working?

Leaders can identify a developing problem from the report early enough to make a decision - without needing a separate spreadsheet or verbal explanation to understand the basic financial position.

Questions to Ask Next

- Can we see budget, commitments, expenditures and forecast for every active project?
- Are pending changes visible before they become executed change orders?
- Do project-control values reconcile to the accounting system?
- Is contingency separately identified and governed?
- Are state and local funding sources tracked separately?
- Can the board understand program status from one consistent report?
- Do we know which OPSC reports/forms are due for every state-funded project?
- Are apparent savings validated before being reassigned?

VALLEY OAK PROJECT ADVISORS

We help school districts translate facility needs into clear, financially responsible, and deliverable capital programs - from assessments and master planning through project delivery and closeout.

Official California Resources

Every link below goes directly to an official California state source from OPSC, the State Allocation Board, CDE, or DSA.

OPSC	**Forms** SAB 50-06 Expenditure Report, DLOPE, project savings and related forms. Open source	
OPSC	**Substantial Progress and Expenditure Guide** Official guidance on SFP progress and expenditure reporting/audit. Open source	
OPSC	**Modernization Funding** Current funded-project reporting and forms. Open source	
OPSC	**New Construction Funding** Current funded-project reporting and forms. Open source	
OPSC / SAB	**SFP Laws and Regulations** Current regulations governing SAB-administered programs. Open source	
OPSC / SAB	**Proposition 2 Grant Agreement** Grant conditions and definitions for Proposition 2 SFP projects. Open source	
DSA	**Plan Review - Changes During Construction** Official process for DSA review of construction change documents. Open source	

Source note: This guide intentionally limits external references to the California Office of Public School Construction (OPSC), State Allocation Board materials hosted by OPSC, the California Department of Education (CDE), and the Division of the State Architect (DSA).

Prepared September 2026. Always verify the current version of forms, regulations, and agency guidance before acting.