



Monitoring Report

Policy Title: 2.4 Planning and Budgeting

This is the annual report on compliance with the School Board's Executive Limitation policy 2.4 Planning and Budgeting for the FY17 School Year. I certify that the information contained in this report is true and validated by the Director of Finance.

Yaw Obeng, Superintendent

November 14, 2017

Policy Statement:

The Superintendent must not operate without multi-year strategic plans and annual budgets that address intentional and improved Ends accomplishment along with avoidance of fiscal jeopardy.

The Superintendent must not create plans or budgets that:

- 1. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities (2.3)."**
- 2. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.**
- 3. Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy.**

Limitation:	The Superintendent must not operate without multi-year strategic plans and annual budgets that address intentional and improved Ends accomplishment along with avoidance of fiscal jeopardy.
Status:	In Compliance

Interpretation:

The Superintendent must create and implement a multi-year strategic plan. The Superintendent must develop a budget that reflects the goals of the strategic plan.

Evidence:

The Superintendent led a strategic planning process that began in the spring of 2016 and continued throughout the 2016-2017 school year. Information on the plan was shared with the

Board and is available on the [BSD website](#). Staff is beginning the process of translating the goals of the plan into action steps, including steps that will require budgeted investments.

The FY18 budget was developed with the strategic plan in mind. New investments were directly connected to the three strategic priorities, as can be seen from the [budget presentation](#) made to the Board. This information was also shared with the Board and community in the [Comprehensive Budget Document](#) (see pages 5 & 6).

Limitation:	1. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities (2.3).”
Status:	In Compliance

Interpretation:

The Superintendent shall present a budget that sufficiently allocates funds to meet known and anticipated expenses necessary to pursue the Ends policy, the multi-year strategic plan, and the budget parameters set by the Board. The budget shall be developed so that more funds will not later need to be added to the budget, unplanned debt will not be incurred, and the use of fund balance reserves are planned in advance, and known obligations (payroll and operating) are fully funded.

Evidence:

- The [FY16 audit](#) revealed an operating surplus, a condition generally indicative that sufficient funds were budgeted for operational needs. However, this surplus was incorporated into the FY18 budget, which allowed for the maintenance or addition of important services, but creates a structural budget challenge in future years.
- Issuance of new debt was planned as part of the capital planning process and was presented to both the School Board and the Infrastructure and Technology Committee (see [agendas](#) and [minutes](#)). Debt incurred in support of these investments was approved by the School Board as part of the FY17 budget process (see March 8, 2016 Board meeting minutes) and the FY18 budget process (see the [Sustainable Finance and Facilities slides](#)).
- Use of fund balance reserves to support the FY18 budget were planned and included in the [Comprehensive Budget Document](#) (see page 6).
- Generally speaking, the evidence illustrating compliance with policy 2.3 indicates that the budgeting and planning process for FY16 was sufficient to avoid incurring the conditions identified as unacceptable in said policy.

Limitation:	2. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
Status:	In Compliance

Interpretation:

“Credible projections” is interpreted to mean that revenue and expense projections are based on both historical trends and plans for the new budget year. “Separation of capital and operational items” is interpreted to mean that any major construction or capital improvement projects, and the bond revenues for these projects, are distinguished from the operating items and revenues. “Cash flow” is interpreted to mean the need for borrowing funds to bridge gaps between cash needs and receipt of revenues. “Disclosure of planning assumptions” is interpreted to mean details about what is included in the budget, the impact of the budget on education programs, and variables related to tax considerations.

Evidence:

- Revenue and expense projections: Monthly variance reports are presented to the Board as part of each [board meeting agenda](#). These reports reflect actual revenues and expenses versus budgeted amounts. Anticipated revenue or expenditure issues are highlighted for discussion.
- Separation of capital and operational items: The ITC committee was presented with planned FY16 capital expenditures and the need for bond revenue to support these expenditures. The Board approve bonding for these amounts, and the bond funds are separately accounted for and reflect in the District’s [FY16 audit](#) (Schedule F, page 90).
- Cash Flow: Monthly cash flow reports are presented to the Board as part of each [board meeting agenda](#). These reports illustrate a predictable pattern of cash-on-hand fluctuations that are primarily the result of regular payroll expenditures and intermittent revenues from the the Education Fund.
- Disclosure of Planning Assumptions: The Board was presented with planning assumptions and anticipated operational changes throughout the FY17 budget development process, and these presentations were posted as part of each [board meeting agenda](#). These presentations included changes to budgeted amounts, programmatic adjustments, and estimated tax impacts (for example, see the budget development [presentation](#) of December 20, 2016).

Limitation:	3. Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy.
Status:	In Compliance

Interpretation:

The Superintendent shall present a budget that provides the level of resources requested by, and necessary to support, the Board for its operational and professional development.

Evidence:

The FY17 budget included modest funding for school board activities, including the allowing a board member to attend the National Association of School Boards conference and for training in Policy Governance. The FY17 budget also included significant funding for district expenses that have historically been attributed to the school board (such as legal fees, liability insurance, and audit costs). These expenses are not properly attributable to the Board and have been removed in FY18, as reflected in the [FY18 Comprehensive Budget Document](#) (page 33 & 34).