

MEMORANDUM

To: Burlington Board of School Commissioners

From: Tom Flanagan, Superintendent

CC: Nate Lavery, Executive Director of Finance

Date: May 10, 2022

Subject: Monitoring Report - Policy Title: 2.4 Planning and Budgeting

Status: In Compliance

Statement: The following document presents the District's progress toward and compliance with **Policy Title: 2.4 Planning and Budgeting**

Recommended Motion: *I move to approve the recommendation that the Superintendent is in compliance with Policy Title 2.4*



Monitoring Report - Policy Title: 2.4 Planning and Budgeting

Submitted by: Tom Flanagan, Superintendent

Date Submitted: May 10, 2022

Status: In Compliance

Overview

This is the annual report on compliance with the School Board's Executive Limitation policy 2.4 Planning and Budgeting for Fiscal Year 2023 budgeting process. I certify that the information contained in this report is true and validated by Executive Director of Finance and Operations, Nathan Lavery.

Policy Statement

- (a) 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.
4. Fail to inform the Board and the public through the Burlington School District's Annual Report the impact of the proposed budget on District programs and staff employment. (added Feb 12, 2019)
5. Fail to provide the public in the District's Annual Report a comparative line item budget of revenues and expenditures over several years. (added Feb 12, 2019)
6. Fail to inform the public in the District's Annual Report the achievement of our students on state required academic tests. (added Feb 12, 2019)

- (b) The Superintendent of the Burlington School District shall not fail to regularly and timely

1. Disclose and educate the Board on the current budget (including providing regular and timely 'budget-to-actual' reports),
2. Provide with Board with actual financials as compared to previously budgeted amounts for any concluded fiscal year, and
3. Provide the Board on an ongoing basis during budget planning season (October to January) with as much detailed budget information as is reasonably practicable to enable the Board:
 - i. to fully and authentically understand the budget, its categories, and details and
 - ii. to identify trends over time and
 - iii. to make fully informed decisions regarding a proposed or recommended budget or budget options. (Added 11/13/2018)

Limitation (a)

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.

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.

Status

In compliance

Evidence

The Superintendent presented a multi-year [strategic plan](#) that was approved by the [School Board](#) (see the January 18, 2022 meeting minutes on [BoardDocs](#)).

Limitation (a)1

The Superintendent must not create plans or budgets that: Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities (2.3).

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.

Status

In compliance

Evidence

The [FY21 audit](#) revealed an operating surplus, a condition generally indicative that sufficient funds were budgeted for operational needs. This surplus was incorporated into the FY23 budget and included a high-level plan to allocate funds specifically to improvements at DowntownBHS and to support the BHS/BTC 2025 project (see slide 18 of the final [budget presentation](#)).

Issuance of new debt in FY23 is planned as part of the capital planning process and the FY23 budget includes funding to support new and existing debt service. The [Line Item Budget](#) reflects these amounts in the line items labeled “REDEMPTION OF PRINCIPAL” and “INTEREST ON LT DEBT.”

Limitation (a)2

The Superintendent must not create plans or budgets that: Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

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.

Status

In compliance

Evidence

Revenue and Expense Projections: Monthly variance reports were presented to the Board ([example](#)) 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: Bond proceeds used for capital items are separately accounted for in the District's accounting structure, as reflected in the [FY21 audit](#) (see page 43).

Cash Flow: Monthly cash flow reports are presented to the Board as part of each Board meeting agenda ([example](#)). 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 Education Fund.

Disclosure of Planning Assumptions: The Board was presented with planning assumptions and anticipated operational changes throughout the FY23 budget development process, including [FY23 preliminary budget assumptions](#) related to the cost of preserving current services. Estimated budget and tax impacts were included in [budget presentations](#), the [Annual Report](#), the [Line Item Budget](#), and the [Budget One Pager](#).

Limitation (a)3

The Superintendent must not create plans or budgets that: Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.

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.

Status

In compliance

Evidence

The FY23 budget included funding for school Board activities (see page 13, code 2311 in the [Line Item Budget](#)). Funding supports activities such as trainings, membership in the Vermont Association of School Boards (VSBA) and participation in VSBA events, and other activities determined at the discretion of the Board. The Board's budget was discussed at the Finance Committee's [November 9](#) and [December 14](#) meetings, and the Committee made a final decision at the [January 11](#) meeting.

Limitation (a)4

The Superintendent must not create plans or budgets that: Fail to inform the Board and the public through the Burlington School District's Annual Report the impact of the proposed budget on District programs and staff employment. (added Feb 12, 2019)

Interpretation

The Superintendent shall publish an Annual Report that describes the proposed budget.

Status

In compliance

Evidence

The [Annual Report](#) contains a section devoted to describing the proposed budget (page 14).

Limitation (a)5

The Superintendent must not create plans or budgets that: Fail to provide the public in the District's Annual Report a comparative line item budget of revenues and expenditures over several years. (added Feb 12, 2019)

Interpretation

The Superintendent shall publish a line item budget in the Annual Report.

Status

In compliance

Evidence

The [Line Item Budget](#) information was published online as a separate document, rather than as part of the Annual Report, due to the voluminous nature of the data provided in the line-item budget. In future years, it may be possible to include the line item budget in the Annual Report, however, compliance with this restricting will always be difficult because the Annual Report needs to be made available to the third party publisher earlier enough to ensure that proofing, printing, and distribution can occur weeks in advance of Town Meeting Day.

We recommend reviewing this restriction to determine whether electronic publication of the line-item budget is sufficient; electronic publication has been the norm since FY17.

Limitation (a)6

The Superintendent must not create plans or budgets that: Fail to inform the public in the District's Annual Report the achievement of our students on state-required academic tests. (added Feb 12, 2019)

Interpretation

The Superintendent shall include state academic test information in the Annual Report.

Status

In compliance

Evidence

At the time of publication, the Agency of Education had not released District-level state assessment results, and some assessments were not administered due to the COVID-19 pandemic, as disclosed on page 11 of the [Annual Report](#).

Limitation (b)1

The Superintendent of the Burlington School District shall not fail to regularly and timely: Disclose and educate the Board on the current budget (including providing regular and timely 'budget-to-actual' reports).

Interpretation

The Superintendent shall provide monthly budget-to-actual reports to the Board.

Status

In compliance

Evidence

Monthly budget-to-actual reports for both revenues and expenditures, known as Variance Reports, are part of the Routine Financial Reports section of the Board meeting Agendas ([example](#)). These reports include noteworthy disclosures related to the status of the current year's budget.

Limitation (b)2

The Superintendent of the Burlington School District shall not fail to regularly and timely: Provide with Board with actual financials as compared to previously budgeted amounts for any concluded fiscal year.

Interpretation

The Superintendent shall publish financial data that compares actual financials to budgeted amounts.

Status

In compliance

Evidence

An audited comparison of prior year budgeted-to-actual amounts is published on page 79 of the [FY21 audit](#).

Limitation (b)3

The Superintendent of the Burlington School District shall not fail to regularly and timely: Provide the Board on an ongoing basis during budget planning season (October to January) with as much detailed budget information as is reasonably practicable to enable the Board:

- i. to fully and authentically understand the budget, its categories, and details and
- ii. to identify trends over time and
- iii. to make fully informed decisions regarding a proposed or recommended budget or budget options. (Added 11/13/2018)

Interpretation

The Superintendent shall provide budget development materials to the Board throughout the budget development process, and update the materials as new information becomes available.

Status

In compliance

Evidence

The [Budget website](#) contains a catalog of the numerous presentations, memoranda, and supporting documents that were presented to the Board at Board meetings and/or circulated via email. These materials related to budget development topics such as the covered topics [preliminary assumptions](#), [baseline budget estimates](#), [update presentations](#), and information on the district's new [Equitable Budgeting model](#). Additionally, the Board Finance Committee held detailed discussions about budget development in [November](#), [December](#), and [January](#).