



## 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 FY18 School Year. I certify that the information contained in this report is true and validated by the Director of Finance.

Yaw Obeng, Superintendent

November 13, 2018

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.**

<b>Limitation:</b>	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.
<b>Status:</b>	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 FY19 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](#) (slides 18-21) made to the Board. This information was also shared with the Board and community in the [Comprehensive Budget Document](#) (see pages 4-6).

<b>Limitation:</b>	1. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities (2.3).”
<b>Status:</b>	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 [FY17 audit](#) revealed an operating surplus, a condition generally indicative that sufficient funds were budgeted for operational needs. This surplus was incorporated into the FY19 budget, which allowed for the maintenance or addition of important services, but creates a structural budget challenge in future years (see the [budget presentation](#) slide #31, or page 7 of the [Comprehensive Budget Document](#)).
- Issuance of new debt in FY19 was planned as part of the capital planning process (see board presentations on [November 14, 2017](#)) was presented to the School Board as part of the FY19 budget process (see the [budget presentation](#) slide #17 Sustainable Finance and Facilities investments).
- Use of fund balance reserves to support the FY19 budget were planned and included in the [Comprehensive Budget Document](#) (see page 7).

<b>Limitation:</b>	2. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
<b>Status:</b>	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 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 reflect in the [FY17 audit](#) (see pages 88-90).
- 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 the Education Fund.
- Disclosure of Planning Assumptions: The Board was presented with planning assumptions and anticipated operational changes throughout the FY19 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](#) from December 20, 2017 and [presentation](#) from January 23, 2018).

<b>Limitation:</b>	3. Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy.
<b>Status:</b>	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 FY19 budget included funding for school board activities (see page 24, code 2310 in the [Comprehensive Budget Document](#)). Funding supports activities such as training in Restorative Practices, membership in the Vermont Association of School Boards (VSBA) and participation in VSBA events.