

BOARD POLICY EXPECTATION

Financial planning for any fiscal year shall not deviate materially from the Board's Ends policies, risk fiscal jeopardy to the district, or fail to be derived from a multi-year plan.

CERTIFICATION

I hereby present my monitoring report on Executive Limitations Policy EL-7 "Budget Planning" in accordance with the monitoring schedule set forth in board policy. I certify that the information contained in this report is true as of August 26th, 2008.

Mark Mansell, Superintendent

SUPERINTENDENT'S INTERPRETATION OF POLICY

I interpret budget planning to mean that the board expects me to prepare the annual district budget to meet their Ends policies, account for all the variables of funding and expenditures for both the short and long-term, and to communicate the budget in a clear and concise manner to the board and all interested stakeholders.

REPORT

There are ten specific areas described in this policy. The following will address each specific area of EL-7 as best as possible. At the time of this report, I believe that the district is in compliance with the Board's expectations.

1. The superintendent may not present a budget which is not consistent with the board's established priorities. IN COMPLIANCE

The budget process includes multiple points for dialog with the board, patrons, staff and students in the district's effort to provide effective and efficient services to meet the board's Ends policies. Much of the significant guiding parameters were established through a variety of stakeholder linkages back in the fall of 2005 during the process that led up to the passage of the 2006 M & O levy.

Adjustments have been made, yet essentially the funding framework and the corresponding expectations of expenditures were created with this levy. I believe we have and continue to successfully meet these promises to the voters and have maintained them despite increasing fiscal pressures.

2. The superintendent may not present a budget which is not in a comprehensive summary format understandable to the Board and community. IN COMPLIANCE

The board receives various standardized state published reports within their board packets. One of the more important document given annually is the F-196 document. We have also supplemented these state reports with locally produced

summary spreadsheets, graphs and narratives. Where possible, we have listened to suggested changes in the organization of fiscal documents and to meet the needs of the Board.

3. *The superintendent shall not fail to adequately describe major budget initiatives and funding sources. IN COMPLIANCE*

All new initiatives are directly tied to their funding source. Whether it be educational programs or efforts to support a growing student population with classroom space, our planning efforts always include how to link expenditures to a revenue source for both the short-term and the long-term.

4. *The superintendent shall not fail to compare, for each major fund type and activity, the amount of actual expenditures for the most recently closed fiscal year, budgeted expenditures for the current fiscal year, and proposed budget expenditures for the next fiscal year. IN COMPLIANCE*

The district's effort to meet this expectation is contained in the annual F-196 report provided to the board.

5. *The superintendent shall not fail to disclose major budget development assumptions, including anticipated changes in state funding. IN COMPLIANCE*

These changes are consistently highlighted in summary documents prepared by the district and presented to the board at a workshop. One of the most important documents that are provided to the board is the district's cash flow analysis that is provided to the board from January through August of each year within their board packet.

6. *The superintendent may not present a budget which plans for the expenditure in any fiscal year of more funds than are conservatively projected to be received or appropriated during the year unless otherwise approved by the Board in a multi-year projection. IN COMPLIANCE*

In recent history of the district, there has not been a case when more has been spent than annual revenues and "reserved" unspent revenues from previous years. The district continues to strengthen its multi-year projection models, which will enhance the tools that have been used to date for budgeting projections and thereby assist in our efforts to continue the record of solid fiscal planning. Thanks to the work of our staff, principals and our fiscal officer, the district continues to operate in a fiscally sound manner during these economically stressful conditions.

7. ***The superintendent may not present a budget which plans for the reduction, without approval of the Board, of the unreserved and undesignated general fund balance for any fiscal year to less than 5.0 percent of total expenditures.***

IN COMPLIANCE

This target is a major focus as we monitor the cash flow projection model throughout the year. This model and our long-term budget forecast model are very powerful tools we use to see ahead of the process so as to maintain fiscal stability. For fiscal year 2008/09, the district once again met this expectation by presenting the Board with a budget that planned for being above the 5% reserve threshold.

8. ***The superintendent may not present a budget which fails to provide adequate and reasonable budget support for Board development and other governance priorities, including the costs of fiscal audits, Board and committee meetings, Board memberships and district legal fees.*** **IN COMPLIANCE**

The district typically budgets conservatively in this area, which is reflective of the board's effort to be value conscious. I have full confidence that our current budget for this work will meet the needs of the board in their efforts to enhance their knowledge and skills as board members, as well as meeting their membership requirements and legal obligations.

9. ***The superintendent may not present a budget which fails to take into consideration fiscal soundness in future years or ignores the building of organizational capabilities sufficient to achieve Ends in future years.*** **IN COMPLIANCE**

The district develops budgets using the base of a five-year projection model that attempts to gather and quantify the financial impacts of major, operational "decision points" as they play out. As mentioned in item 6 above, we are continually working to enhance these forecasting tools to maintain our fiscal stability.

10. ***The superintendent may not present a budget which fails to reflect anticipated changes in employee compensation including inflationary adjustments, step increases, and benefits.*** **IN COMPLIANCE**

This year in particular, many of our neighboring districts needed to address fiscally significant issues centered on this exact issue. For our district, because of our staff's and board's efforts along with everyone's desire and effort to be mission focused and value driven, the district does not find itself in a similar situation. We have been able to keep our staffing very close to the state funding allocation so the flow-through of state funds covered most of these inflationary adjustments. This has allowed us to prepare for fiscally stressful situations like this while other districts have reached crisis mode resulting from these state-mandated cost of living adjustments.