Monitoring Report - Executive Limitations Policy
EL-7, Budget Planning

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 28th, 2012.

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**
   Once again, we have built a budget with less state funding but have done so in a way to maintain or expand our services to students. An example of this is to complete an internal loan from our reserve fund to our capital projects fund in order to pay off the non-voted debt of the district. This move freed up resources that needed to be set aside within the annual budget to fund any possible shortfall in impact fees to pay for the non-voted debt loans. This freeing of funds has allowed us to expand our resources in the area of technology. This reallocation of funds will provide students with greater access to technology and information through the purchase and implementation of seven portable iCart moble iPad labs spread across the district.

2. ***The superintendent may not present a budget which is not in a comprehensive summary format understandable to the Board and community.*** **IN COMPLIANCE**
   Probably the most important document given annually to the board that provides a fiscal overview is the F-196 document. We have also supplemented these state

reports with locally produced summary spreadsheets, graphs and narratives on a monthly basis in order to provide the board with a variety of fiscal perspectives about the budget.

3. ***The superintendent shall not fail to adequately describe major budget initiatives and funding sources.*** **IN COMPLIANCE**
   Within our planning processes for considering new proposals to improve services, provide greater support or to create new opportunities, we always determine how the funding will be provided to support this change. Again this year during our budget briefings with the board, we went beyond this expectation by designing work sessions to go deeper that just the bottom line numbers and explore our values and models that drive our budget decisions. As in past years, this process has been of great help to both Brett and I as we developed the final budget proposal for the board's review and approval.

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**
   As in past years, we have worked to share in advance both the pending and actual budgetary impacts from the state in a manner that engages stakeholders in meaningful conversations. Again this year we were able to handle these impacts in ways that did not require negative changes to services or programs. In fact, once again the funding changes have encouraged us to rethink how we support our students so as to actually enhance our services/programs in many cases.

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**
   Last year the board approved a budget with a pre-authorization to draw into reserves by around $150K. This year, we worked to lower that pre-authorization request to around $100K as we continue to move towards what can be described as a new normal in funding. The board was briefed in advance of the request to approve a budget with an imbalance in expenditures to revenues. Therefore even though this projected imbalance in the budget planning process did occur, I believe I am still in compliance with this expectation because of the go ahead by the board to submit a budget with a pre-authorization built in.

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**

Even with our anticipated draw into our unrestricted fund balance for the 2012/13 school year and the interfund loan to pay off the non-voted debt, the budget presented to the board once again exceeds the 5.0 percent ending fund balance expectation.

7. ***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**

   As stated above, we traditionally budget conservatively in most areas so despite the fiscal issues facing the district, we have confidence we have fully planned for the expenses the board needs to fulfill its responsibilities.

8. ***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 uses a comprehensive forecasting model that uses a base five-year projection that gathers and quantifies the fiscal impacts of variables used to create our budgets. The district's strong track record of fiscal stability provides ample evidence of the effectiveness of this model and the reliability of the data used. With our recent economic challenges across the state and the nation, our models and variables have been tested once again. I am confident our fiscal system and the people who use and manage these tools have adapted well to these challenges so as to continue our record of fiscal success.

9. ***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**

   Our system of changes in employee compensation continues to serve us well, while at the same time greatly reducing traditional personnel conflicts associated with these types of annual compensation adjustments. All of our contractual agreements have in place a system of adjustment (classified – SIRS data, certificated – teachers' salary schedule) that are as objective as possible and makes changes while reducing the likelihood of conflict.