

Monitoring Report

Policy Title: 2.4 Financial Planning and Budgeting

Patrick J. Reen, Superintendent

March 27, 2018

I hereby present my monitoring report on your Executive Limitations policy **2.4 Financial Planning and Budgeting** according to the schedule set out. I certify the information contained in this report is true, and represents compliance with a reasonable interpretation of all aspects of the policy unless specifically stated otherwise.

Signed _____ (Superintendent) Date: _____

The Superintendent shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board’s Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

Superintendent’s Interpretation:

The Superintendent defines “fiscal year” as July 1 to June 30; to “deviate materially from the Board’s Ends priorities” means to plan allocation of funds in such a large sum, unrelated to the results outlined in the Board’s Ends policy, as to reduce the ability to achieve the results outlined in the Board’s Ends policy; “financial jeopardy” means the school district(s) would incur any of the unacceptable conditions as outlined in 2.4.1 below, resulting from planning any fiscal year to end without sufficient funds to sustain normal operations; a “multiyear plan” is in alignment with a strategic plan which will be a five year plan.

Evidence:

Multiyear Strategic Plan

One of the first projects the Superintendent initiated upon starting in July 2016 was to develop a collaborative process through which a multiyear strategic plan would be developed. This plan is nearing completion and will provide guidance beginning with the 2018-2019 school year.

Projected Budget/Budget Trend Data

The Superintendent provided the MAUSD Board with unbiased information regarding the development of the FY 19 budget. Information in this report included estimated tax implications, current spending, projected spending, enrollment information, class size data and more. The presentation included information about a plan to build systems of support reflective of current educational trends including Instructional Coaching.

Financial Updates

The board of school directors for each district within ANESU receives regular financial updates from the ANESU business team. These updates are intended to show expenses to date relative to budgeted funds which enable each board of directors to monitor spending for their district.

Monitoring Report for Policy C2.3

See copy of monitoring report for C2.3 dated 3/28/17.

Capital Improvement Plan

The Superintendent has met with the Chief Financial Officer and the Facilities Manager to articulate the need for a multiyear capital improvement plan. A working draft of this plan has been created and is attached as evidence. This plan is intended to support proactive planning and prioritization of capital improvements across all of our schools. This plan will evolve over time and will be adjusted according to the changing needs of our facilities.

Financial Audit

The completion of our annual financial audit is expected soon. Upon completion, an update on the results of the audit will be produced and distributed to board members. This audit will provide valuable information to the Superintendent regarding past practices which will inform decisions regarding practices moving forward.

Summary:

The Superintendent has indicated that a multi-year strategic plan is not yet developed though is nearing completion and will be ready for implementation beginning with the 2018-2019 school year. In light of this the Superintendent is unable to report that financial planning has been derived from a multi-year plan. The Superintendent can report with confidence that financial planning did not deviate materially from the Board's Ends priorities or risk financial jeopardy.

I report non-compliance.

In addition, there will be no financial plans that:

- 1. Risk incurring those situations or conditions described as unacceptable in the Board policy 2.3 "Financial Condition and Activities".**

Superintendent's Interpretation:

The Superintendent defines "unacceptable situations or conditions" as: 1. total dollars spent exceeding total dollars approved by voters of each district, unless required for state or federally mandated services or emergency facilities repair that could not be reasonably anticipated; 2. overspending individual line items without sufficient unencumbered funds to shift into those line items to cover the overage; 3. payroll, debts, tax payments and other government-ordered payments or filings made/submitted late or with errors; 4. making unbudgeted single purchases of \$15,000 or greater without Board approval; 5. purchasing or selling property without Board approval; 6. not pursuing receivables; 7. failure to oversee business office procedures; 8. not protecting (e.g. insure against loss, damage, fraud, liability) and maintaining school district assets; 9. not supporting investments into Board

governing capacity (e.g. trainings, consultants).

Evidence:

Monitoring Report for Policy C2.3

See copy of monitoring report for C2.3 dated 3/28/17.

Summary:

I report compliance.

2. Omit credible projection of revenues and expenses, separation of capital and operational items, disclosure of planning assumptions, and tax implications.

Superintendent's Interpretation:

The Superintendent defines “credible projections of revenues and expenses” as: projections based both on historical trends and plans for the new budget year; “separation of capital and operational items” as include separate documentation for construction or purchases requiring funding outside the regular budget; “disclosure of planning assumptions” as to provide details about what is included in the budget, including assumptions used to build the budget, along with the impact of the budget on the educational program; “tax implications” as information about the anticipated residential tax rate of the proposed budget with discussion of the tax variables not controlled by the school district (e.g. penalty thresholds, Common Level of Appraisal).

Evidence:

On January 23, 2018 the Superintendent presented to the MAUSD Board a projected MAUSD budget for FY 19. This budget showed trend data from FY 17 through the projected budget for FY 19 comparing revenues and expenses over time. The presentation included projections for revenue and expenses and included estimated tax rate implications. Included in the discussion surrounding this presentation were disclosures of assumptions being made in the planning of the budget as well as the impact on the educational program.

Summary:

I report compliance.

Attachments: [MAUSD Strategic Plan Overview](#), [MAUSD Budget Presentation](#), [Financial Update](#), [Monitoring Report for Policy 2.3 dated 3/28/17](#), [MAUSD Capital Improvement Plan](#)

