

Monitoring Report

Policy Title: 2.4 Financial Planning and Budgeting

Patrick J. Reen, Superintendent

February 26, 2019

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:

[FY20 Budget Presentation \(Appendix A\)](#)

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 now substantially complete with additional work needed to prepare it for wide distribution. This plan was reviewed by MAUSD faculty and staff. Feedback from faculty and staff was used to prioritize specific components within the plan for preparing a budget for FY20. The FY20 budget presentation articulates the faculty and staff priorities as well as the community priorities and how they are incorporated into the FY20 budget. Other information in this presentation included estimated tax implications, past spending, current spending, projected spending, historical and projected enrollment information, class size data and more. The presentation also included information about a plan to manage current and future fund balances and the importance of doing so relative to future budgets.

[Financial Updates \(Appendix B\)](#)

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

[Monitoring Report for Policy 2.3 \(Appendix C\)](#)

See copy of monitoring report for 2.3 dated 5/30/2018.

[Capital Improvement Plan \(Appendix D\)](#)

The Superintendent has met with the Chief Financial Officer and the Director of Facilities and Grounds to articulate the need for a multiyear capital improvement plan. A working draft of this plan was created by our former Facilities Manager and has been updated by our current Director of Facilities and Grounds. 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. The Superintendent recognizes the need for this plan to include additional details and possibly a different format to help ensure a level of detail and sophistication to adequately serve MAUSD in recording projects completed and in preparing for future needs of our facilities. Additionally, the Superintendent recognizes that a recent board-initiated community engagement approach to creating a vision for our facilities will have a significant impact on the MAUSD capital improvement plan.

[Financial Audit \(Appendix E\)](#)

Finances are audited annually by an outside auditor. The audit of FY 18 was completed this winter. The audit suggests the Superintendent did not risk financial jeopardy in FY 18. Attached is the cover page and table of contents of the most recent audit for one of the former ANESU districts. The full audit was shared with all ANESU member school district boards in December of 2018.

Summary:

I report 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 \(Appendix C\)](#)

See copy of monitoring report for C2.3 dated 5/30/18.

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:

[FY20 Budget Presentation \(Appendix A\)](#)

On January 29, 2019 the Superintendent presented to the MAUSD Board a projected MAUSD budget for FY 20. This budget showed trend data from FY 18 through the projected budget for FY 20 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. The presentation also included information about a plan to manage current and future fund balances and the importance of doing so relative to future budgets.

Summary:

I report compliance.

Attachments:

APPENDIX A: [MAUSD Budget Presentation](#)

APPENDIX B: [Financial Update](#)

APPENDIX C: [Monitoring Report for Policy 2.3 dated 5/30/18](#)

APPENDIX D: [MAUSD Capital Improvement Plan](#)

APPENDIX E: [Financial Audit](#)

MAUSD Superintendent's Monitoring Report
Policy Number: (A2.4)
Policy Title: Financial Planning and Budgeting
Month and year: February 2019

OFFICIAL BOARD OF EDUCATION RESPONSE

Comments/Questions:

Historical data could be removed
confusing

OR Grey area to note: it is
historical data

Based upon the information provided, does the Board find that:

...the Superintendent's interpretation is reasonable?

Yes No

... data demonstrates accomplishment of this interpretation?

Yes No

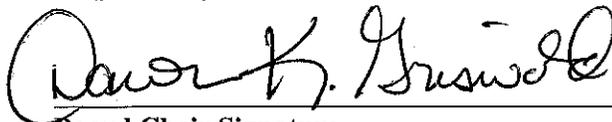
If not, what other evidence does the Board request?



Superintendent Signature

2/26/19

Date



Board Chair Signature

2/26/19

Date