



New Jersey School Boards Association

Boards Role in Finance & Budget Development

Presented by:
NJSBA Field Services Representatives



It's all about Students!





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COLLABORATION:

Two or more people working together towards shared goals



Budgetary & Finance Definitions

Budget – plan for the appropriation, encumbrance and expenditure of revenue

Appropriation – revenue budgeted for a particular purpose

Encumbrance – legal commitment of all or part of an appropriation

Revenue – funds the district expects to receive during the year

Fixed Costs (Non-Discretionary) Appropriation – an appropriation over which the district has no control and which remains the same from period to period, i.e., debt, contractual obligations

Variable – an appropriation over which the district has at least some control and which may change from period to period, i.e., employee wages, benefits supplies, professional development



QSAC Requirements

- DPR's – Fiscal Management

9 indicators which include:

- ◆ monthly Board Sec'y report reconciles with Treasurer's Report
- ◆ standard operating procedures
- ◆ monthly analysis of fiscal year cash flow
- ◆ filing of annual audit of CAFR (Comprehensive Annual Financial Report), etc.
- ◆ received unqualified opinion of annual audit
- ◆ manages and oversees entitlement and discretionary grants
- ◆ provides proper oversight and accounting of capital projects, referendum, and other Fund 30 capital projects
- ◆ implements, reviews and revises as needed, projects consistent with LRFPP (Long Range Facility Plan) and has received county approval
- ◆ annual health & safety reviews conducted in each building



QSAC Requirements

- DPR's – Governance

4 indicators which include:

- ♦ annually reviews, updates and adopts policies
- ♦ has policy and contract with CSA to annually evaluate and adopt goals
- ♦ budgeting process and allocation of resources are aligned with instructional priorities and student needs to provide T&E (thorough and efficient) education
- ♦ board reviews all audit recommendations and, if required, approves CAP for audit findings and recommendations



QSAC Requirements

- SOA's – Fiscal Management

10 indicators which include:

- ♦ following a budget calendar
- ♦ bases tuition estimate on analysis of prior year expenditures
- ♦ bases appropriations for capital projects on district's LRFPP

- SOA's – Governance

10 indicators which include:

- ♦ establishes a nepotism policy
- ♦ follows all requirements for the annual reorganization meeting
- ♦ board members and administrators file timely and completed financial and personal/relative disclosure statements
- ♦ establishes travel and related expense reimbursement policy ensuring school board members and employees operate in accordance of that policy
- ♦ submits new, renegotiated, amended, altered or extended contracts for superintendents, deputy or assistant sup't, and SBA's to ECS for review and approval



Board Financial Responsibilities

Overall:

- *Develop district financial goals and support the district's educational plan,*
- *Balance the educational needs of the students with the taxpayers' ability to pay,*
- *Oversee the financial management of the district,*
- *Annually set district educational goals and provide financial support,*
- *Develop policies and procedures to expedite financial processes and ensure appropriate financial oversight, using monthly reports, budget, audit and other appropriate financial records,*



Board Financial Responsibilities

Overall (con't):

- *Review and approve the monthly Board Secretary and Treasurer of School Moneys financial reports,*
- *Annually appoint Auditor, Treasurer of School Moneys (optional) and Board Secretary,*
- *Approve the actual expenditures and monitor financial reports,*
- *Understand and approve all line item transfers*



Board Financial Responsibilities

Planning & Policy:

- *Determine district's long-range (strategic) educational goals (5 years), the financial implications of those goals and the appropriate financial strategies to reach those goals as well as the community impact of those strategies,*
- *Monitor and evaluate the district's progress toward those goals*



Board Financial Responsibilities

Budget:

- *Set budget parameters and priorities for budget development process in accordance with policy,*
- *Understand proposed budget implications, programs and changes,*
- *Reach consensus on a budget appropriate for students and taxpayers that support student achievement,*
- *Assist in explaining the budget to the general public in accordance with policy and indicate how it supports student achievement,*
- *Evaluate on an on-going basis the implementation of the budget*



Board Financial Responsibilities

Audit:

- *Select and appoint the auditor,*
- *Accept the annual audit report,*
- *Approve the Corrective Action Plan that addresses all recommendations (if required)*

Bidding:

- *Adopt and ensure implementation of policies covering all aspects of the bidding process,*
- *Approve or reject all bids in accordance with statute*



Board Financial Responsibilities

Continuing Responsibilities:

- *Approve all purchase orders and bill lists prior to payment and in accordance with district policy,*
- *Understand and approve all line item transfers,*
- *Provide for transportation for public and non-public students as required by statute and board policy*
- *Review and approve the monthly Board Secretary and Treasurer of School Monies financial reports monthly*



NJSBA's Task Force on Student Achievement - Recommendations for Boards (March 2017)

- Require high level curriculum that prepares students for global competitiveness.
- Commit to addressing achievement gaps within the district.
- Seek alternate funding sources including grants to support student achievement.
- Actively engage in sharing services with other governmental entities that save money to expand academic and other programming to support improving student achievement.



Bills List

The Payment Cycle

Appropriation

Encumbrance

Expenditure

List of Bills

Board Agenda

Payment



Items to Consider in Budgeting

1. Educational program and district vision / mission / district goals
2. Enrollment projections for district, buildings and courses
3. Staffing levels for classroom, support and administrative staff
4. Class size at varying grade levels
5. Negotiated salaries / benefits for negotiating units and non-unit personnel
6. Inflation as well as known increases in fixed costs
7. Equity in spending among schools of similar grade patterns
8. Equipment replacement schedules and needs



Items to Consider in Budgeting

9. Transportation – mandatory & courtesy
10. Maintenance/upgrade of buildings/LRFP
11. Unanticipated General Fund Balance level (surplus)
12. Evaluation of projected revenues (tuitions, building rental activity fees, grants, foundations, etc.) and projected local property tax impact
13. Long Range Technology Plan
14. Special Education Costs
15. Professional Development Costs



The Budget is Comprised of:

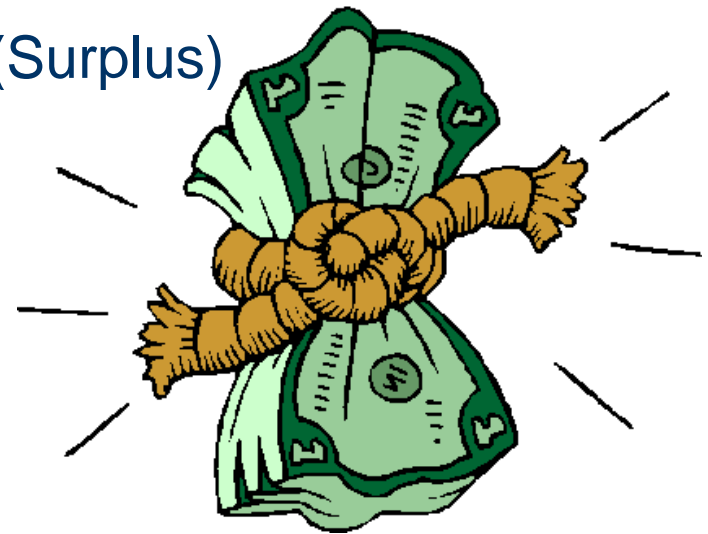
Revenue Sources:

- Local Property Taxes
- State Aid
- Federal Aid
- Tuitions
- Miscellaneous Revenues
- Capital Reserve Fund
- Undesignated General Fund Balance (Surplus)

Expenditures:

- Current expenses
- Capital outlay
- Capital Reserve Fund
- Debt Service

Revenue





Your Budget IS:

1. The financial expression of your district's educational goals and aspirations
2. A management tool prepared annually to reflect revenues available and to indicate how those revenues are to be utilized.
3. A plan for controlling the level and type of spending in your school system during the budget year.
4. A means of determining the efficiency of your school system's educational program and the progress of your district towards your educational goals.
5. A consensus document that reflects the input of your administration, board and community.



Governor's Budget Message

March 13, 2018

Board of Education Sample Budget Process Calendar

District Goals publicly affirmed by the Board of Education; Action Plans presented to the Board of Education	<u>1st Meeting in September</u>
<u>Board/Admin. begin developing Budget Priorities for next budget</u>	<u>As soon as District Goals are developed</u>
Reorganization Meetings held (for November elections)	<u>First Week in January</u>
Informing / Involving community in budget process	<u>Early Fall & Early Feb.</u>
CSA Updates BoE on Progress Toward Achievement of District Goals	<u>Oct., Dec., Mar. & June</u>
Governor's Budget Message	<u>Middle of February</u>
State Aid figures released (2 days after Gov.'s Budget Message)	<u>Middle of February</u>
Adoption and Filing of Tentative Budget to ECS	<u>March 20, 2018</u>
Last day to advertise for the earliest public hearing	<u>April 20, 2018</u>
Last day to finalize the advertised version for ensuing school year	<u>April 20, 2018</u>
Last day for ECS to approve budget statement to be advertised	<u>April 24, 2018</u>
Earliest date to hold public hearing on the budget	<u>April 24, 2018</u>
Each non-tenured teaching staff member must be observed and evaluated before this date each year	<u>April 30, 2018</u>
Last day to advertise for public hearing on the budget	<u>May 3, 2018</u>
Last day to hold public hearing on budget	<u>May 7, 2018</u>
User-Friendly Budget Posting to District Website	<u>April 26 – May 9</u>
Last day to adopt budget (18A:22-32)	<u>May 14, 2018</u>
School Board & School Budget Election (for April elections)	<u>April 17, 2018</u>
Last day to file Personal-Relative & Financial Disclosure forms with Board Secretary and Executive County Superintendent (ECS)	<u>April 30</u>
If defeated, budget packages due to Twp. within 2 days following certification of election results (for April elections)	<u></u>
Reorganization Meetings are held (for April elections)	<u>April 23 – May 6, 2018</u>





The Board's Role in the Budget

- Understand how the district operates
 - Governance
 - Policies
 - Curriculum and programs
 - Staffing
- Understand the budget process
- Establish clear and realistic budget goals – aligned with the district's mission to instruct
- Remain informed on the development of the district budget through periodic updates from district administration
- Offer meaningful and constructive comments and questions
- Review and approve preliminary and final budgets for submission to the Executive County Superintendent



The Board's Role in the Budget

- Hire and rely on the finance experts:
 - Business office staff
 - Independent auditor
- Understand the various means used by central administration to manage the district budget
- Review and approve monthly financial reporting
- Review and approve the annual audit
- Remain informed on any budgetary issues through periodic updates from district administration





for all you do for your students!