

Monroe Township School District

DEVELOPMENT OF A BUDGET PHILOSOPHY For Fiscal Year 2021-2022

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WHAT IS A BUDGET PHILOSOPHY?

- **The philosophy of establishing the annual school budget should entail the creation of a framework for a budget that supports a democratic plan of appropriate funding for the implementation of educational programs so that students may develop and learn from quality experiences based on educationally sound and fiscally prudent planning.**
- **A solid financial base is paramount to ensuring that the school district will be able to meet the responsibility of preparing our students for an increasingly competitive environment.**
- **The budget philosophy stage should be macro-focused rather than micro-focused, as much more refinement will be required and implemented in the future through the rigorous budget process.**



New Jersey School Boards Association

Boards Role in Finance & Budget Development

Presented by:
NJSBA Field Services Representatives



It's all about Students!





&

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 – DPR's – Fiscal Management

15 District Performance Review (DPR)

Indicators that measure, in summary:

- Maintenance of standard operating procedures and monthly reports;
- Satisfaction of annual audits;
- Management of grants and capital funds;
- Implementation of a facilities plan;
- Completion of annual safety reviews;
- Preparation and analysis of fiscal year cash flow; and,
- Employment of a certified facilities manager.



QSAC – DPR's - Governance

DPR's – Governance (Budget / Finance related)

14 indicators which include:

- ♦ annually reviews, updates and adopts policies
- ♦ has policy and contract with CSA to annually evaluate and adopt goals
- ♦ overseeing the budget process that targets student achievement
- ♦ board reviews all audit recommendations and, if required, approves CAP for audit findings and recommendations
- ♦ BOE follows the budget process by:
 - ✓ conducting a public hearing on the proposed budget;
 - ✓ adopts the budget at a public meeting
 - ✓ provides ongoing information on the budget's status and any revisions or emergent conditions, and
 - ✓ makes the budget available for public notice and inspection



2018/2019 NJDOE District Performance Review

Pursuant to the requirements of N.J.A.C. 6A:30, the Monroe Township School District has undergone the New Jersey Quality Single Accountability Continuum (NJQSAC) review. The Middlesex Executive County Superintendent and team conducted a review of your self-assessment District Performance Review (DPR) document and analyzed district performance against critical indicators in all five NJQSAC areas. Based on that review, the district has been placed on a continuum in five areas: instruction and program, fiscal management, governance, operations and personnel. The complete NJQSAC results, including county office verification of the district's self assessment, has resulted in the district receiving the following placement scores for each area listed below:

NJQSAC Areas	Initial Placement
Instruction and Program	87%
Fiscal Management	100%
Governance	100%
Operations	98%
Personnel	100%



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 supports 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 all schools
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



2020-2021 FUNDS

Fund 10 - General Fund

General operating fund of the district. Accounts for all financial resources of the district except those required to be in another fund, including Unemployment Trust Fund, Payroll Agency and Flexible Spending Accounts, and Ipad Insurance Fund.

Fund 11 - General Current Expense

Accounts for all expenditures of the district for current expenses. Includes instructional, administrative and other support service costs for normal operations.

Fund 12 - Capital Outlay

Accounts for capital outlay supported by current revenues. Includes equipment purchases, facilities acquisition and construction services.



Fund 20 - Special Revenue Fund

Accounts for specific revenue sources legally restricted to expenditures for specified purposes. Includes federal and state grants and student activity funds.

Fund 40 - Debt Service Fund

Accounts for accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Fund 60 - Enterprise Funds

Accounts for operations that are financed and operated in a manner similar to private business enterprises. Includes Food Service (60), Early Childhood Enrichment (64) and Falcon Care (65).

Fund 80 - Trust and Agency Funds

Accounts for assets held in a trustee capacity for others (individuals, private organizations or other governmental units).



Public School Contracts Law Contracting Thresholds

(Effective 7/1/2020)

Bid threshold with a Qualified Purchasing Agent
\$44,000.00

Quote threshold with a Qualified Purchasing
Agent (15% of bid threshold) \$6,600.00



The Budget is Comprised of:

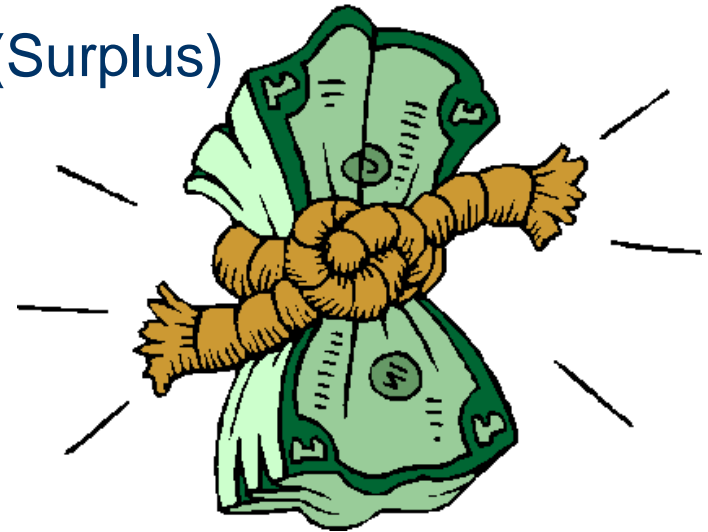
Revenue Sources:

- 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 2021

Board of Education Sample Budget Process Calendar; Type II Districts with November Elections

District Goals publicly affirmed by the Board of Education; Action Plans presented to the Board of Education	<u>1st Meeting in September</u>
Board/Admin. <u>begin</u> developing Budget Priorities for next budget	<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 <u>Toward</u> Achievement of District Goals	<u>Oct., Dec., Mar. & June</u>
Governor's Budget Message	<u>Feb. 23, 2021</u>
State Aid figures released (2 days after Gov.'s Budget Message)	<u>Feb. 25, 2021</u>
Adoption and Filing of Tentative Budget to ECS	<u>March 22, 2021</u>
Last day to advertise for the earliest public hearing	<u>April 20, 2021</u>
Last day to finalize the advertised version for ensuing school year	<u>April 20, 2021</u>
Last day for ECS to approve budget statement to be advertised	<u>April 20, 2021</u>
Earliest date to hold public hearing on the budget	<u>April 24, 2021</u>
Each non-tenured teaching staff member must be observed and evaluated before this date each year	<u>April 30, 2021</u>
Last day to advertise for public hearing on the budget	<u>May 3, 2021</u>
Last day to hold public hearing on budget	<u>May 7, 2021</u>
User-Friendly Budget Posting to District Website	<u>Apr. 26 – May 9, 2021</u>
Last day to adopt budget (18A:22-32)	<u>May 14, 2021</u>
School Board & School Budget Election (for April elections)	<u>April 20, 2021</u>
Last day to file Personal-Relative & Financial Disclosure forms <u>with</u> Board Secretary and Executive County Superintendent (ECS)	<u>April 30</u>
If defeated, budget packages due to Twp. within 2 days following <u>certification</u> of election results (for April elections)	_____
Reorganization Meetings <u>are held</u> (for April elections)	<u>April 26 – May 9, 2021</u>

[New Jersey Department of Education, Office of Fiscal Policy and Planning \(nj.gov\)](http://www.nj.gov)





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 (ECS)



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



In Summary

When it comes to budgets and finance

- **The Board**
 - Establishes priorities for the fiscal management of the district.
 - Approves, adopts and monitors the annual budget.
 - Provides leadership in securing community support for resources.
 - Adopts policies for the accounting of school funds.
 - Reviews and approves pertinent contracts.
 - Reviews annual audit reports and takes action if needed.
- **The Business Administrator**
 - Is the district's budget officer.
 - Prepares a detailed budget based on the board's priorities and parameters and presents it for approval.
 - Provides rationale for budgets to maintain community support.
 - Oversees monthly financial report and presentation.
 - Acts as a financial and legislative resource to the board.





for all you do for your students!



Stay Safe + Healthy