

Financial Planning

The Superintendent shall develop and present to the Board a multi-year financial plan that is related directly to the Board's Results priorities and Operational Expectations goals, and that avoids long-term fiscal jeopardy to the district.

The Superintendent shall develop a budget that:

1. Is in a summary format understandable to the Board and presented in a manner that allows the Board to understand the relationship between the budget and the Results priorities and any Operational Expectations goals for the year.
2. Credibly describes revenues and expenditures.
3. Shows the amount spent in each budget category for the most recently completed fiscal year, the amount budgeted for the current fiscal year, and the amount budgeted for the next fiscal year.
4. Discloses budget-planning assumptions.
5. Assures fiscal soundness in future years.
6. Reflects anticipated changes in employee compensation, including inflationary adjustments, step increases, performance increases and benefits.
7. Includes such amounts as the Board determines to be necessary for its own governing function, including board member training, consultation, attendance at professional conferences and events, and other matters identified by the Board.

The Superintendent shall not develop a budget that:

8. Plans for the expenditure in any fiscal year of more funds than are conservatively projected to be available during the year.
9. Provides for an anticipated year-end fund balance of less than 10% of the general fund budget.

OE-5.1

Superintendent Interpretation: Even though the North Dakota finance formula and budget documents are complex, the board expects to receive information that is clear and comprehensible, and that illustrates alignment between proposed expenditures and the board's results policies and the strategic/operational plan each year.

Superintendent Indicators of Compliance:

Indicator 1: The budget documents are summarized by fund and contain notes of explanation.

Indicator 2: The budget is constructed in alignment with the strategic and operational plan, which support compliance with Operational Expectations policies, and achievement of Results Policies and the board is shown alignment of key initiatives from the operational plan to the budget.

OE-5.2**Superintendent Interpretation:**

- **Credibly** means that for projected revenues there is sufficient documentation and rationale to instill confidence that the revenue can be depended upon. On the other hand, the superintendent should not be held accountable for not foreseeing revenue-reducing circumstances that could not reasonably have been projected. The board also expects that expenditure projections are based upon credible needs and strong rationale.

Superintendent Indicator of Compliance:

Indicator 1: The budget document summarizes revenues and expenditures by source for each budget section.

OE-5.3

Superintendent Interpretation: The board expects to be able to discern and to be able to question or explain trends in expenditures over time.

Superintendent Indicator of Compliance:

Indicator 1: The budget document summarizes revenue and expenditure by object for each fund and reports on prior year, current year, and proposed budget year.

OE-5.4

Superintendent Interpretation: Budgets are plans which often must be based upon assumptions on how certain variables may change in the upcoming year. To be accurate, these assumptions should utilize all available known facts that define these variables. As the board is responsible for approving the budget, the Board should also be knowledgeable of the assumptions used in constructing the budget.

Superintendent Indicator of Compliance:

Indicator 1: The preliminary budget documents include a list of budget assumptions and major budget variances over the prior year, with explanations. The assumptions include impacts from student enrollment changes, state and federal law and policies including changes to state and federal funding, district property valuations, and other legislative actions affecting revenue or expenditures.

OE-5.5

Superintendent Interpretation: In business terms, the school district is a “going concern.” This implies the district must always plan for both the present and future operations and programs.

Superintendent Indicators of Compliance:

Indicator 1: A four year financial forecast is presented to the board to illustrate and assess fiscal soundness for future years.

Indicator 2: The district’s long-term bond rating is adequate to support district need to bond for projects at an affordable rate.

Indicator 3: The budget submitted to the board maintains sufficient fund balances to meet financial obligations.

OE-5.6

Superintendent Interpretation: The budget should accurately account for and reflect all changes in compensation dictated by the negotiated agreement with teachers and changes in benefits and/or compensation agreed to by the board for all employee groups for each subsequent fiscal year. Furthermore, the staff should carefully advise the board prior to making such agreements or commitments regarding the fiscal impact of these decisions on the subsequent budget.

Superintendent Indicator of Compliance:

Indicator 1: The budget reflects anticipated personnel costs for pay and benefits that are consistent with the negotiated agreement and within the district’s means to pay.

OE-5.7

Superintendent Interpretation: The School Board provides a critical function in the support of school operations and improvement. Good leadership does not randomly occur but must be cultivated and developed. As such, the normal operations and professional development of the Board must be included as part of the annual operating budget. The superintendent will solicit and incorporate Board input in the development of the Board’s annual budget.

Superintendent Indicator of Compliance:

Indicator 1: The budget contains funding for anticipated school board activities, including attendance at state and national conventions, training/professional development, legislative advocacy and linkages.

OE-5.8

Superintendent Interpretation: The proposed budget presented to the Board for approval shall reasonably project for expenditures that are less than anticipated revenue unless the ending fund balance remaining from the previous year is in excess of 10% and plans are presented to utilize those excess funds while still projecting an ending fund balance of no less than 10%.

Superintendent Indicator of Compliance:

Indicator 1: The budget presented to the board reflects greater revenue than expenditure, or if not, board action authorizes an expenditure budget greater than projected revenue.

OE-5.9

Superintendent Interpretation: The proposed budget presented to the board for approval shall reasonably project for an ending fund balance of 10% of general fund expenditures.

Superintendent Indicator of Compliance:

Indicator 1: The budget presented to the board reflects an ending fund balance of 10% of general fund expenditures