

SMYRNA SCHOOL DISTRICT

District Policy

Article: 3000 Business & Non-Instructional Operations

Title: Financial Planning

Policy #: 3110

- I. The Board of Education of the Smyrna School District declares that it is the policy of the District that planning and organization of the financial affairs of the District is critical to the efficient operation of the District. The Board sets forth in this policy principles which shall guide the Board, officers and employees of the Smyrna School District in matters relating to financial accountability and procedures. Whereas this policy is so fundamental to the efficient operation of the District, the Board hereby establishes that this policy may not be amended unless approved by two-thirds, or greater, majority of the School Board members legally constituted in this District to vote and such super-majority shall be required on two separate public meetings of the School Board in order to effectuate changes in this policy.
- II. **Relationship between Revenues and Expenditures for Budgeting Purposes** -The School Board shall adopt a balanced budget each fiscal year which is funded exclusively from current year revenues. The Board approved budget must also project that fiscal year-end local contingencies amount to at least 10% of projected current year equalization and current expense revenues. Local contingencies include all local fund appropriations. Local contingencies are set aside for fiscal emergencies, cost overruns, or other unexpected circumstances which may result in grave financial or educational consequences for the District. The Board must pass by a majority vote at two separate, publicly noticed meetings of the Board the expenditure of any monies from local contingencies which would have the effect of reducing the projected year-end local contingencies to below 10% of projected current year equalization and current expense revenues.
- III. In order to carry out the provisions of this policy, it is in the best interest of the District that the School Board be advised by a Citizens' Financial Advisory Committee, which represents the expertise as well as the interests of the District community. To that end, the School Board shall annually review the composition and makeup of the Citizens' Financial Advisory Committee and shall ensure that no less than five members of such committee represent private interests and citizens of our community who are not employees of the Smyrna School District. This committee shall meet at least four times each year.
- IV. **Budgetary Process** - The Board of Education shall approve a budget for the period July 1 - June 30 of each year no later than June 30 of the preceding year. The administration shall present their recommended budget to the Board at a public meeting in April. A preliminary budget will be presented to the Citizens' Financial Advisory Committee at a meeting of the Committee in April. The budget for the Smyrna School District shall be devised by the administration in such a way as to include input from all appropriate parties with the aim of providing a wide range of input on the financial and educational needs of the District. This input should include administrators, principals, and other professionals within the District, and should include a process which involves appropriate employees, department chairs, and other persons in the budgetary process. The outline of the budgetary process shall be prepared by the District administration and presented to the Board by June, 1992, and shall be made a part of this policy upon proper approval by the Board.
- V. **Position Control** - The approval of employee positions within the Smyrna School District is an important factor in the development of a sound program of education. The annual budget for the District shall specifically state the number of positions being authorized in the budget in a variety of categories to include but not limited to secretarial, custodial, and teaching staff, as well as building level administrators, central office administrators, and other special staff as proposed by the administration. Since changes to authorized positions during the year are crucial elements in

financial management, the Superintendent will certify that each new position created or filled during the course of a fiscal year is either included in the current budget and not filled or authorized, or designate to what degree the budget must be amended to accommodate the funds to authorize a new position or provide other suitable explanation to the School Board as to how funding is provided for a newly authorized position.

- VI. **Budget Amendments** - From time to time as necessary throughout the fiscal year, the administration may recommend changes to the currently approved budget. It is expected that each year approximately in November, the administration will examine state funding and other sources of funding and make comprehensive recommendations for a modified fiscal year budget. In all cases, any changes to the current operating budget will require a specific amending motion that will delineate funds to be authorized, transferred or added, and where the total amount of money proposed to be spent will increase and delineate the specific changes to revenue projections which will substantiate such increases to the budget. Modifications to line items within the budget will require a motion delineating from what areas of the budget money is to be transferred and the areas of the budget to which it is to be transferred, with specific dollar amounts.
- VII. **Budget Estimates** - It is in the best interest of the Smyrna School District that budgetary estimates and financial projections be based on a moderately conservative approach to funds projection. A conservative approach to financial projections means that such projections tend to underestimate revenues and overestimate expenditures. Estimates used in budget construction and other financial projections should not be so conservative as to grossly underestimate revenues or grossly overestimate expenditures, but should, however, be designed so as to assume those scenarios, with contingencies, that most likely reflect a situation that would be detrimental to the interest of the District. That is, that the most likely estimates for revenue should always be somewhat higher than those actually used, and the most likely estimates for expenditures should be somewhat lower than those actually used in making District estimates. While it is difficult to make precise recommendations on how to arrive at such estimates, those making the estimates should be able to confidently assume that in the vast majority of actual scenarios, 75% or more, that their estimates will result in a net surplus for the District.
- VIII. **Auditing and Accountability** - The Smyrna School District should be prepared at all times to provide the public with an accounting of its policies regarding financial matters. Such accountability means the documents relating to the budgetary process, the budgets themselves, and other matters, acted upon by the Board relating to finances, and should be readily available to interested parties who request them. It also means that the local funds portion of the Smyrna School District finances will be audited annually and reports of such audits will be made readily available to the public in a timely and convenient manner. Monthly and annual reports on finances should be constructed in such a way as to give a plain reading of financial activity and status to Board members, district staff and administrative personnel, citizens, and other interested persons. Annual reports should clearly state the financial status of the district and note the status of audits relating to both local and other funds. High standards of fiscal accountability will assist greatly in maintaining the public's trust in the educational process in the Smyrna School District. While the School Board is ultimately responsible for the financial health of the District, it is the Board's stated policy that the Superintendent must remain vigilant and aware of financial activities within the District, including particularly the District's financial status, and keep the Board informed of changes and difficulties which may arise in the District's financial condition. To this end, it is the Superintendent's responsibility to monitor the activities of the Business Manager and the staff of the Business Office, and the activities, procedures, and programs of that office on a continuing basis, and to recommend changes and improvements to the financial operations of the District to the Board as indicated. The School Board believes that it is of the utmost importance to maintain efficient and modern equipment and procedures to support the financial operations of the District. The Superintendent is, therefore, directed to monitor pertinent technological advances in accounting procedures and practices as well as equipment and related personnel requirements of the operation, and to include appropriate recommendations regarding

improvements in his/her annual budget proposal to the School Board. At least once every five years the Superintendent is to provide the Board with estimates of the cost of having the District's overall financial information system reviewed by independent professional accountants. The objective of such review being to ascertain that the financial administrative and accounting methods, practices and procedures utilized by the District are the most effective available within the limits of our resources.

IX. Training Policy- Ongoing training for all district staff in financial practices and procedures is essential. Training is critical to the most efficient operation of financial systems and to insure that the district is making the best use of investments in equipment and software. Emphasis on proper training is a daily, ongoing goal of the Business Manager. Therefore, it shall be the responsibility of the Business Manager to propose annually to the Board of Education a plan for training all appropriate district staff in financial operations. This plan should address the needs for training, staff that should be trained, and how such training will be carried out. The plan should include costs for the training and be submitted to the Board at the appropriate time in the budget cycle. It shall be the responsibility of the Superintendent to insure that the approved training plan is carried out and that the designated staff has met training goals.

Approved by Board of Education, July 15, 1992
Revision approved by Board of Education, May 18, 1994
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