new language

6100 - FINANCE GOALS AND OBJECTIVES – DRAFT 8/9/2012

The District budget shall represent a translation of the education priorities of the community into an effective and efficient financial plan. The Board and/or its designee will solicit input from community, staff, and administration into the development of the budget. The Superintendent and Assistant Superintendent for Business will review this input and utilize it in the budget development as appropriate.

The Board directs the Superintendent to periodically advise the Board of the major decisions the Board will be required to make which will affect the expenditures and receipts of the annual budget and the effect of those decisions on the following guidelines and standards established to maintain a financially strong district.

A. General Best Practices

1. In the planning and budgeting process, the District 97 Board of Education shall focus on one-year and rolling five-year time horizons. Five year projections should include high, low and expected cases. Budgets and forecasts will be reviewed as part of the annual budgeting process and at least one other point during the year.
2. The District shall seek to measure its financial strength relative to both neighboring and comparable Districts adjusting for factors as necessary. A list of comparable school districts shall be identified periodically by the Administration and the FORC and approved by the Board.
3. The Board shall require quarterly budget variance reviews and obtain explanations of significant variances from budget to actual at the major category level.
4. The District shall develop and track key project metrics and periodically report to the Board on these metrics for major capital and program investments the Board determines have material impact within a five year financial forecast.
5. The District shall be able to estimate its Illinois State Board of Education financial score at any point in time and provide a five-year annual projected basis when five-year projections are performed.

B. Standards and Measures

OK

1. The Board will strive to adopt a balanced annual operating budget. To the extent that the Board determines that a balanced operating budget would result in expenditure reductions that would injure the educational program of the District, the District may adopt a budget wherein anticipated expenditures exceed anticipated revenues with the deficit being supported by fund balances unless the current financial status of the District violates the financial boundary conditions outlined in Section C of this Policy. If a balanced budget is not adopted, the District must submit for Board approval a plan to achieve a balanced operating budget within three fiscal years.
2. The District will target overall fund balance between 25% and 75% of operating cash flows.
3. The Board will monitor the District's Illinois State profile score and comply with defined State requirements for financial management to maintain the District's score of either Financial Review or Financial Recognition (between 3.08 and 4.0).
4. The Board will monitor actual annual expenses, and tax levy per pupil in District 97 and comparable Illinois School Districts as determined by the Board. District 97 shall maintain its metrics in ranges consistent with the appropriately adjusted median of the comparable Districts.

C. Boundary Conditions

1. Projected monthly fund balances go negative in the expected case over the next two fiscal years based on the Districts forecast methodology.
2. The District's average fund balance drop below 25% of the annual operating expenses at some point based on the expected case forecast within 3 years.
3. The District is continuously reducing its debt capacity by supporting operating expense through the issue of debt.
4. The District cannot maintain a credit of at least Moody's Aa2 or its equivalent rating by other agencies.
5. The District is unable to achieve the commitments made in its balanced budget recovery plan.
6. The District's average fund balance exceeds 75% of the annual operating expenses at some point based on the expected case forecast forecasts within 3 years.

In any case, the Board shall take specific actions required by the Illinois State Board of Education given the designation category determined by the District's score on the State Financial Profile and implement the recommendations or explain, in an official Board report, why they are not able to do so.

Further, when one or more of the financial boundary conditions outlined in section (C) points 1-5 of this policy are being violated, the Board and Administration shall take appropriate actions. Actions the Board and Administration shall consider may include, but are not limited to (in no specific order):

1. A curtailment in hiring;
2. A curtailment in implementation of new programs or in the initiation of the next phase of an existing program;
3. Enacting an expenditure budget for the next fiscal year that cannot exceed the projected actual expenditures for the current fiscal year;
4. Personnel reductions that are not constrained by current collective bargaining agreements;
5. Reduced salary and benefits increases and/or salary freezes as can be negotiated with the collective bargaining units.
6. Recommendation of a referendum to address the financial situation, recognizing the importance of balancing educational quality with prudent stewardship of public resources.

When financial boundary condition sections (C) point 6 of this policy are being exceeded the Board and Administration shall also take appropriate actions. Actions the Board and Administration shall under these circumstances consider may include, but are not limited to (in no specific order):

1. The early payment of existing debt obligations which would reduce the interest owed longer term by the District.
2. Accelerating strategic investments in programs or technology.
3. Accelerating building repairs or additional preventive maintenance of facilities.

Revised 8-9-2012

4. Pay all or some of annual debt payments and abate some or all of bond and interest levy.
5. Levy less than the maximum allowed under tax caps.