

Town of Wayland
Part 1 (Budget) - Final Report

***Review of Budget and Expenditure Reporting, Evaluation of
Non-Educational Service Delivery Structure and
Review of School Administrative Structure***

The Abrahams Group

April 2011

THE ABRAHAM'S GROUP

YOUR PARTNER IN PERFORMANCE

April 11, 2011

Operational Review Committee
c/o Mr. Fred Turkington
Town Administrator
Wayland Town Building
41 Cochituate Road
Wayland, MA 01778

Dear Mr. Turkington:

I am pleased to submit the attached Part 1 Final Report to the Town of Wayland regarding our review of the budget and expenditure reporting format of the Town of Wayland and the Wayland Public Schools. This report includes recommendations for both town and school budgeting and financial reporting.

We are pleased to serve the Town of Wayland on this most important project.

Sincerely yours,



Mark D. Abrahams, CPA
President

Attachment

Budgeting and Financial Reporting Table of Contents

Page

Transmittal Letter

I. School Findings and Recommendations

1. Develop and publish an integrated, comprehensive and meaningful Proposed Budget Document	2
2. Control and Manage Budget by Site/Department and by Activity/Subject	3
3. Institute formal Budget Order for vote of school committee and institute Policy level transfers by School Committee	4
4. Strengthen role of Principals and Department heads in the Budget Process (Development of Budget and Administration of Adopted Budget)	5
5. Clarify the Reporting Relationship of the School Business Manager to the School Committee	6
6. “Turn on” MUNIS Financial System Budget Controls	7
7. Institute wide spread use of encumbrance (obligation) accounting	8
8. Institute process to assure required DESE reports are submitted to DESE	8
9. Develop and execute and Indirect Cost Agreement (per DESE requirements)	9
10. Institute interim budget and financial reporting to the school committee and publish on website	10
11. Institute reporting on the Non-General Fund Funds of the School Committee	11
12. Determine Authorized/unauthorized expenditure	11
13. Make minor refinements in chart of accounts to support Department/Site and “Activity” budgeting, accounting and reporting.	12

II. Town Findings and Recommendations

1. Develop and publish narratives, staffing and indicators for departments	14
2. Expand revenue Information (sub-categories) included in the Budget	15
3.a Record the Revenue Budget on the General Ledger	16
3.b Provide Quarterly Revenue Reports to Finance Committee, Town Administrator and Community	17
3.c Provide Quarterly Expenditure Reports to Finance Committee, Town Administrator and Community	17
4. Record Capital Project Budgets on Ledger and Report Activity to Finance	18
5. Report Non-General Fund/Non Appropriated Funds to Finance Committee	19
6. Consider an Annual Financial Report (Budgetary Basis)	19
7. Consider a Comprehensive Annual Financial Report (CAFR)	20

APPENDICES:

SCHOOL:

- I. Recommended Table of Contents - Superintendent's Proposed Budget
- II. Recommended School Budget Format
 - II.a Narrative - Objectives
 - II.b Budget Summary
 - II.c Budget and FTEs by Activity/Subject
 - II.d Classroom: Enrollment, FTEs and Pupil Teacher Ratio
 - II.e Recommended MUNIS Format - Site/Activity/Detail Object
- III. Non-General Fund - Funds Budget Format
- IV. Listing of Recommended Sites/Departments and Activities/Subjects
- V. Recommended Budget Order of School Committee
- VI. Interim Reporting - Recommended Contents of Quarterly Budget Report
- VII. Non-General Fund - Funds Quarterly Fund Balance Report
- VIII. Chart of Accounts - Segment Analysis

TOWN:

- IX. Recommended Town Budget Format
 - IX.a Narrative - Objectives
 - IX.b Budget Summary
 - IX.c Recommended MUNIS Format - Department/Category of Expenditure/Object
- X. Interim Reporting:
 - X.a General Fund Revenue Report
 - X.b General Fund Appropriations (Expenditure) Report
 - X.c Water Fund Revenue Report
 - X.d Water Fund Expenditure Report
 - X.e Wastewater Fund Revenue Report
 - X.f Wastewater Fund Expenditure Report
 - X.g Capital Project Report
- XI. *Government Finance Officers Association (GFOA) Budget Standards*
- XII. *Association of School Business Officers- International (ASBO) Budget Standards*

I. School Budget and Interim Financial Reporting

The School Budget Process

The Superintendent of Schools is responsible for the development and presentation of the Proposed Budget to the School Committee. The School Committee establishes budget guidelines for coming fiscal year and publishes the guidelines on the website in the fall. The Proposed Budget is presented to the School Committee by early January. The budget includes a Budget Message from the Superintendent and contains various Excel based spreadsheets presenting personal services budgets and non-personal services spreadsheets as well as sorts of the budget by state function and state object. The documents list employees and wages for employees.

The budget is voted by the School Committee as a “bottom line” budget and past practice has not required a vote of the School Committee for funding changes (transfers) according to any defined thresholds after the budget is adopted. The budget has been very centrally managed by the Superintendent and the School Business Manager.

We have reviewed school budget documents as published on the website, supplemental budget and staffing documents in comparison to school budgets of other school systems and to published criteria of the *Government Finance Officers Association (GFOA)* and to the *Association of School Business Officials - International (ASBO)*. These standards are published in the *Appendix* of this report.

In terms of other budgets we have reviewed the school budgets of the Lexington Public Schools, Newton Public Schools, Weston Public Schools and the Needham Public Schools. The Needham Public School Budget has been awarded a Certificate of Achievement from *GFOA* and an award for budgeting from the *ASBO*.

Our recommendations for Wayland are not based on any one school system’s (or Town’s) practices or budget document or formats. Our recommendations are based on a combination of where the Town and school budget document and budget and financial reporting is today and the implementation of some of the practices, processes and formats of each of the four school systems, some of the standards referenced by *GFOA* and *ASBO* in the *Appendix* to this document and our judgment. Our intent is to develop meaningful budget documents that facilitate policymaking and communications and implement meaningful interim budget and financial reporting.

We have also reviewed budget adoption, budget transfer and budget administration practices of the School Department. It is important to note that the School Department is funded principally by the general fund appropriation of Town Meeting and by various segregated special revenue funds including grant funds and revolving funds for fee and charge based programs.

The budget of the School Department is recorded in MUNIS at the beginning of the fiscal year and MUNIS budget year to date reporting is available through MUNIS. The various special revenue, grant and revolving funds are also recorded and expensed through the Town's MUNIS Financial Management System.

We have reviewed budgets and practices for the period of the past two years and we note that the School Department hired a new School Business Manager in August 2010 who is also reviewing the process and implementing some changes concurrent with our study.

Budget Process Findings and Recommendations

Finding 1

Budget as Proposed to School Committee needs improvement as a communication tool, policy document and annual financial plan.

The Proposed Budget does not meet most budget standards and criteria as published by GFOA and ASBO and does not meet the standard of several other school systems. The budget does include the Superintendent's budget message and Excel spreadsheets that are published on the website. Overall the Proposed Budget document needs significant improvements to provide meaningful information. A School Department's budget is most effective when it is useful to the School Committee, the community, School Department staff, the Finance Committee and Town Meeting; many different users or readers. It is the key opportunity to annually present a document that can be a policy document, a financial plan and an operations guide to the School Department for the coming fiscal year. The budget document should be well organized by relevant sections so it is understandable for reader. At a minimum it should include:

- a. Historical actual spending for two prior fiscal years
- b. Historical staffing (FTEs) for two prior years, current year and proposed
- c. Projected spending through June 30 to current year
- d. Enrollment trends and changes by site
- e. Objective (s) for the ensuing fiscal year for the school site
- f. Summary information: Spending by Activity, Staffing (FTEs) by Activity for prior, current and proposed periods
- g. An Executive Summary which is easy to follow
- h. A Table of Contents and Glossary

Recommendation

Appendix I presents a recommended Table of Contents for a comprehensive, clear and more meaningful presentation of the Proposed Budget to the School Committee. A formal Proposed Budget document would provide the School Committee (and community) with one clear annual

presentation of the financial plan, key indicators and trends to historical actual spending and performance.

Appendices II.a to II.e present a five-part Recommended Format for a school/site-based budget. The recommended format includes:

- a. Site/School Budget Narrative with Objective, and clear presentation and quantification of proposed changes for new fiscal year compared to current year
- b. Site/School Budget Summary that presents meaningful summary information for two prior years, the current year, current year projected and proposed:
 - i. Enrollment
 - ii. Per Pupil Spending
 - iii. Staffing/FTEs
 - iv. Expenditures by Major Category
- c. Budget and FTEs by all Activities/Subjects
- d. Enrollment, FTEs and Pupil Teacher Ratio by Grade
- e. Recommended MUNIS Format by Site, Activity and Detailed Object

The Superintendent's Proposed Budget should also provide budget information for all the authorized revolving and special revenue funds of the School Committee, i.e. School Lunch, Circuit Breaker, Before and After School Enrichment (BASE), Pegasus, etc. This information would provide a brief narrative, and both proposed revenues to support the program, proposed staffing and proposed spending. This is important so the School Committee and the community have a full picture of spending for the School Department in the coming year and information as to the soundness of budgeting and resources for all non-general fund funds. A sample Non-General fund budget is presented in *Appendix III*.

Finding 2

Need for adoption of a consistent format of each school and department's proposed budget and for measurement of spending and obligations against budget.

In Recommendation No. 1, we referenced a MUNIS based budget format for one elementary school. MUNIS allows for many formats due to the extensive number of segments in the MUNIS account code structure (detailed discussion is presented in Recommendation Number 13). It is important that there be one consistent MUNIS format for budget development, budget review, budget adoption and budget administration, accounting and reporting. In the past there have been many various utilizations of the MUNIS account code string and various levels of "roll ups" for presentation. We also note that the annual budget was historically prepared in Excel spreadsheets and the MUNIS Budget (Budget Projection) for the ensuing fiscal year was not utilized. The Excel presentations and then the school budget recorded in MUNIS for July 1st did not always agree.

Recommendation

The School Department will need to use state function and state object codes and MUNIS reporting for completion of the annual *End of the Year Report (EOYR)* to the Department of Elementary and Secondary Education (DESE). We recommend that for consistent and meaningful budget development, budget review, budget adoption, and budget administration, accounting and reporting, that the School Department report by:

1. School Site and/or School Department
2. Activity and/or Subject
3. Character of Expenditure (Personal Service; Non-Personal Service)
4. Detailed Object Code

for each school site and School Department. We also recommend that the MUNIS be fully developed in the MUNIS Budget Project module to facilitate budget input by the various school sites and departments and then the finalized budget is effectively the July 1st budget. This eliminates many of the Excel spreadsheets used for budget development. We note that the new school business manager is taking initiatives in this area.

In Recommendation No. 1 (*Appendix II.e*), we presented the Activities/Subjects and Detailed Object code structure for Happy Hollow Elementary School. With respect to the full school system for the general fund budget and general fund appropriation, we recommend a Site/Department Budget and the Activities/Subjects within sites/departments. The full list of Sites/Departments and Activities/Subjects as recommended, is presented in *Appendix IV*.

For clarification, there are the five school sites (High School, Middle School, Claypitt Hill Elementary, Happy Hollow Elementary and Loker Kindergarten); are there are several departments including Special Education Services, Transportation, Facilities, etc. An Activity/Subject is Administration, Regular Classroom Education, Instructional Technology, Guidance, etc. The School Department has a well-delineated list of Object codes for line item reporting which are assigned by Activity/Subject. At any point that a new object code is required to accurately budget and account for the requirements of a specific Activity or Subject, we recommend that the School Business Manager be accountable for adding the object code to the general ledger and attaching it to a department/activity.

Finding 3

Need to Institute a Formal Budget Order/Vote of School Committee as the baseline for Policy Level Control and Transfers

The school budget is voted by the School Committee as their approval of the proposed budget or revised proposed budget. The budget adoption vote of the School Committee does not provide for a formal Budget Order that delineates the budget areas that are subject to further action and

amendment by the School Committee if the Superintendent proposes changes during the new fiscal year. Historically funds have been spent in various areas/accounts that have exceeded the authorization of the School Committee (other areas have been under spent).

Recommendation

The School Committee, is the policy making body consistent with Massachusetts General Law for the allocation of financial resources for the competing needs (schools/sites, departments, management, activities, class size) of the Wayland school system. The Superintendent's Proposed Budget is a plan and operations guide for the coming fiscal year however in all likelihood due to the dynamic nature of managing a school district the reallocation of resources is often necessary. There are levels of reallocation and decision making that are clearly policy level and not administrative.

We recommend that the adoption of the budget by the School Committee be formalized and that the majority of the committee vote a Budget Order that defines at a minimum the following hierarchy to assure that any proposed reallocation of resources beyond these amounts (or decreasing these amounts from a site/school/department) must come back to the School Committee for discussion, approval or rejection of the proposed amendment to the budget. The recommended Budget Order is presented in *Appendix V*.

Specifically (at a minimum) the Budget Order would require transfers be approved by the School Committee if funds were to be proposed to be moved between sites (schools) or departments and also if within a site/school/department funds were proposed to be moved from personnel services to non-personnel services. For example, if funds were proposed to be taken from the Middle School to the High School, then it would require discussion and vote of the School Committee. If non-personnel services funds budgeted at the High School were proposed to be used for personnel services (wages) at the high school, this would require approval of and transfer by the committee. In this way funds that were proposed by Superintendent in the proposed budget to benefit a specific school or department could only be used for the benefit of another school with the vote of the committee.

Finding 4

Need to strengthen the role of Principals and School Department Heads in the Budget Process (Development of the Budget and Administration of the Adopted Budget)

As mentioned earlier the School Budget has been centrally developed, managed and administered which has limited the role of the School Committee and of the principals and department heads. The principals have not had a strong role in the development of the budget for

their site/school and they have not had an active role in the management and administration of the adopted budget.

Recommendations

Budget Development - Principals and Department Heads (based on budget guidelines) should prepare their budget request in the MUNIS Projection Budget Module. In this way the principal (and administrative assistant) input the request directly to MUNIS. The completed MUNIS budget request file will then be reviewed by the Business Office and Human Resources office for accuracy. The personal services section would be done in coordination with the Business Office. The School Business Office is responsible for the preparation, coordination, review and publication of the complete budget document for the School Department. The principal/department head is also responsible for preparing and submitting the majority of the new budget narrative and forms referenced in Recommendation No. 1. The principal and department head would also be responsible to present their budget request to the School Committee.

Budget Transfers - As referenced in Recommendation 2, the School Committee should be responsible for policy level transfers (between sites/departments and between category of expenditure), we recommend that the principals and department heads be responsible for transfers within a category of expenditure. For example, if during the fiscal year they wish to spend more than the original budget for classroom supplies than they had planned for library/media supplies or books, then the principal (department) head should initiate the needed transfer online in a MUNIS Batch to cover a purchase order for the account that requires additional funding. This example would not require a School Committee transfer.

The MUNIS “transfer” batch and the MUNIS Purchase Order batch would queue to the Business Manager for review and approval. In this manner the principal is simply assuring the availability of funds for the planned purchase and simply reprioritizing funds for the site (school). Transfer management assures that funds are released/reduced somewhere else in the budget to fund the “new priority” need for the site (school).

Finding 5

Need to Clarify the Reporting Role of the School Business Manager

There is a lack of clarity in the reporting relationship of the School Business Manager to the School Committee.

Recommendation

In Massachusetts, the School Committee is responsible for hiring the School Business Manager and the position is accountable for to the School Committee. It should be clear that the reporting relationship is to the School Committee. This position should prepare independent budget monitoring reports and interim financial reports (as those recommended in this study) and submit them directly to the School Committee. The School Committee should have direct access to this position and should be able to request whatever independent business, budget and financial information required in order to fulfill the fiduciary role of School Committee member. The School Business Manager should be responsible for posting periodic budget and financial reports for the school appropriation and the non-general fund funds (as recommended in this study) on the website for the benefit of the School Committee and the community.

Also, the School Business Manager and School Business Office should serve in a pre-audit and financial review role and enforce the integrity of the budget. The School Business Manager should serve as an enforcer of the budget as voted by the School Committee and assure that no spending occurs without appropriate transfer votes of the School Committee or transfers by the principal/department head.

Finding 6

Need to “turn on” MUNIS Budget Controls in order to facilitate management of the budget and prevent spending from accounts that do not have adequate balances. In the past, while the total school appropriation is not overspent, various areas/accounts are over spent or deficit spent.

Recommendation

The MUNIS budget and financial system can be set to control spending by rejecting purchase orders and invoices from being charged to an account when there is an inadequate balance. Turning on the MUNIS controls improves system management of the budget and prevents overages in accounts. The principal or department head will still have the authority to spend more in a specific account based on his/her reprioritization simply by submitting an online MUNIS transfer to move funds from one account at the school/site to another account and still protect the integrity of the overall site/school budget.

Finding 7

Enhance the clarity, soundness and administration of the annual school budget by more widespread use of encumbrance accounting

Recommendation

In order to greatly enhance the effective management of the school budget, processes should be put in place to use encumbrance accounting. Encumbrance accounting in effect obligates and reserves funds within an account for a specific and real purpose for the specific fiscal year. For example, when goods or equipment are ordered, the funds are reserved/encumbered on the general ledger. For example, if there were a \$50,000 purchase order, an encumbrance would immediately remove \$50,000 from the available balance to enhance budget management.

The vast majority of the school budget is composed of the transportation contract, building materials, equipment and supplies, special education tuition payments for the full year (payable each month) and payroll (payable bi weekly).

We recommend that all building materials and equipment as well as school supplies and equipment be encumbered by the use of purchase orders and that the funds be obligated/reserved on the general ledger. Additionally we recommend that each out of district annual tuition be encumbered at the beginning of the fiscal year as well as the transportation contract and the payroll of all annual salaried employees. This practice will provide tremendous clarity as to the status and health of the budget at the inception of the fiscal year. As of the first quarter budget year to date report to the School Committee, the “health” of the budget based on all out of district placements and actual hires and required wages/salaries will become very transparent.

Also, the encumbrance practice eliminates the need for recording salaries and tuitions etc. in Excel and forecasting and re-forecasting the year-end position of accounts, the actual reservation/obligation of funds will present the accurate available balance in light of the full obligation.

Finding 8

Need to institute a process to assure required DESE filings and reports are submitted

During our budget and financial reporting review, we requested a copy of the School Department’s FY 2008 and FY 2009 Compliance Supplement reviews (to be prepared by an independent audit firm) which are required to be filed with the Department of Elementary and Secondary Education (DESE). These reports were not available and were never prepared and filed with DESE. The Compliance Supplement audit reviews the accuracy of the reporting of expenditures, revenues, staff, and some enrollment information and a total of nineteen review items (per DESE agreed upon procedural guidelines) reported by the School Department on the annual End of the Year Report (EOYR). It also includes a review of the school and town

executed indirect cost agreement and the soundness of the indirect cost methodologies. The EOYR as filed with DESE is the source of many components of comparative information and data on the DESE website.

We also note that the FY 07 Compliance Supplement Report that was completed and submitted had no findings. The normal protocol is for the Compliance Supplement to be submitted by the independent audit firm to the School Committee for review, discussion and acceptance.

Recommendation

This report should be prepared, as required, by the independent audit firm by March 31 of every year. When the report is complete it should be addressed and delivered to the School Committee. The Compliance Supplement should be an annual agenda item on the School Committee's calendar. The report can be discussed at a School Committee meeting if necessary.

Submittal of the Compliance Supplement to the School Committee and placement as an item on the School Committee's annual calendar will help assure that the report is not overlooked in the future. In addition, the School Committee will be aware of any findings and should require a plan and time table for resolution.

We also recommend that the School Business Manager and the independent auditor conduct a review of the FY 2007 statement of findings in light of this report and the observations of the new School Business Manager.

Finding 9

The Town and the School Department need to document and sign an Indirect Cost Agreement

Indirect costs are costs incurred by the Town on behalf of the School Department. DESE requires that each school district document the basis of the indirect cost methodology in a written signed agreement between the Town and the School Department. Such a written signed agreement does not exist.

Recommendation

We recommend that the Town and the School Department document and sign an Indirect Cost Agreement consistent with DESE requirements.

Finding 10

It has been not been the practice of the school administration to provide interim budget and financial reports to the School Committee or to the community to allow monitoring and understanding of the adopted budget through the fiscal year.

Recommendation

We recommend that the School Business Manager as the report of the School Committee prepare and publish interim financial reports for the School Committee and the community. These reports should be published on the school website for ease of access of any interested person

On a quarterly basis we recommend that the School Business Manager prepare a Budget Year to date Report that includes a two to three page clear, narrative update with analysis to the School Committee on the status and health of the budget. The report should cover at a minimum:

- Original Budget
- School Committee Voted Transfers and Revised Budget(s) by Site/School/Department
- Issues that are affecting the budget to the positive or negative by major area:
 - Status of Out of District Tuition Budget based on actual final enrollment and tuition rates
 - Status of Transportation Budget based on finalized contract
 - Status of Utility Budget based on usage etc.
 - Status of Personnel Budgets by Site/Department based on actual hires/salaries and encumbrances
 - And other material factors or developments
- Expended/Encumbered by Category of Expenditure to Date and Projected to June 30th

The report should be supported by Budget Year to Date information: by School (site), Department by Personnel Services and by Non-Personnel Services. The report should include a projection for the June 30th turn back (or transfer need) for each site/department. A sample format is presented in *Appendix VI*.

A MUNIS generated Year to Date Budget Report by Site/Activity/Object can also be provided to support the above items and should also be published on the website. This report provides significant detail. We want to clarify that the meaningful clear picture of the status of the budget must be presented in the two to three page narrative and in the summary by site/department by personnel services and non personnel services (totals).

Finding 11

Need to Budget and to Provide Interim Financial Reporting on all Non-General Fund Funds of the School Department.

The School Committee has not received annual budget information in an integrated format for the non-general fund funds of the School Department. Also, interim and yearend financial reports have not been provided to the School Committee. We do note that the School Business Manager prepared a non-general fund reporting format to indicate fund balances.

Recommendation

We have referenced in the recommended annual Proposed Budget Table of Contents that the budget include a section that presents a budget for each non-general fund of the School Department for the ensuing fiscal year. The School Committee oversees many other funds including revolving funds and special revenue funds and it is important that these receive an annual review as to the planned use of the monies for the new fiscal year. For example the School Committee oversees the Before and After School Enrichment Program (BASE) a fee based program; the School Lunch Fund, an Athletics Fund etc.

A sample Non-General Fund Budget presentation format is presented in *Appendix III*. It should present the funds purpose, a description of the activity, and the legal basis for the fund as well as revenue, proposed spending, staffing, original fund balance. The budget should be prepared by “fund manager” or director of the program with some assistance from the School Business Manager.

On a quarterly basis, a MUNIS Budget Year to Date Report and a Fund Balance Report should be generated for each fund. The School Business Manager and fund manager should provide a very brief narrative on the health of the budget until year-end and present any issues of note to the School Committee. A sample fund balance report for the “Other Funds” is presented in *Appendix VII*.

Finding 12

Need to Determine/Define Authorized/Unauthorized Expenditures

Massachusetts General Law prohibits public funds from being used to pay for alcohol, tobacco products and sales tax. If there are questions as to specific types of expenditures for supplies or services then only a newly developed policy prohibiting a certain supply or service would have to be implemented.

Recommendation

The School Committee is the policy making body for the School Department and all School Department funds. If the School Committee wanted to prevent spending on a specific type of

material, supply or service it would have to do so by a formal policy voted by a majority of the committee. That policy would then be communicated to school staff that can authorize and obligate funds. The policy would prevent school funds from paying for the prohibited item/service. If a school staffer authorized and incurred an obligation for the prohibited item, the policy should further state that the school employee is personally liable for payment to the vendor.

Finding 13

The School Chart of Accounts supports Site/Department; Activity and Object Budgeting as well as reporting to the state's DESE. It requires minor changes.

There should be some minor refinements in the coding to better categorize and present information.

Recommendation

Appendix VIII presents our analysis of the school's chart of accounts by segments. The chart of accounts original design and structure could have been improved to facilitate understanding and reporting. In our opinion it does not have to be redesigned, however, but the budget and reporting could be improved by some chart of accounts' refinements.

The chart has ten segments for coding, capturing information and reporting. The most important segments include *Segment 4*, which is called "Location" technically it is a combination of locations/sites (i.e., High School, Happy Hollow, etc.) and Departments (Special Education, Superintendent etc.). The segment is viable when it is understood that it is both a location and department code and the school budget is best understood and managed by site and by department.

We have recommended that Facilities and Transportation be assigned "department level" codes in this segment to isolate these as departments and not subordinate under the Business Office.

Segment 5 is called School Department – Internal Object and is also a key element of the account string. This segment really represents "Activity"/Subject, to make the budget more understandable and facilitate budgeting and reporting. We recommend adding a code for "custodial services" as this is an activity at the sites/schools. We also recommend the addition of a code called "regular classroom" and the deletion of codes for mathematics, science, language arts and social studies at the elementary schools as these codes were a function of automatic allocations of staff time and not meaningful to charge, account and report on the general ledger.

A complete list of Sites/Departments and Activities/Subjects was provided in *Appendix IV*. The Superintendent's Proposed Budget will be proposed in this format (with objects of expenditure) and the key reporting to the School Committee etc. will be in this format.

With respect to State Function codes and State Objects, which are provided for in the Chart of Account due to DESE reporting requirements, we recommend that these principally continue to facilitate reporting for the annual *End of the Year Report* to DESE. We have recommended in the Superintendent's Proposed Budget that it contain one section that presents the Proposed Budget by State Function and State Object for reference and for anyone who is interested in this presentation. The key format as we have described in prior recommendations is:

Site/Department

by Activity/Subject

by Character of Expenditure

by Detailed Object of Expenditure

by Program (which with coding is achieved within "Dept." and within Activity)

We also note that there is one unutilized segment in the MUNIS Account Code structure, Segment 8. At some point in the future, based on an assessment by the School Business Manager, this segment could be utilized for additional reporting capability. At this time, the segments however do allow for meaningful budgeting and reporting if utilized consistent with our above recommendations.

II. Town Budget and Interim Financial Reporting

The Town Budget Process

The Finance Committee is responsible for the development and final presentation of the Proposed Annual Operating and Capital Budgets: the Omnibus Budget. The role of the Finance Committee is an executive role per Massachusetts General Laws and Town bylaws. The Town does not have a charter with authority for the Town Administrator to prepare a comprehensive Proposed Budget document as for example the Superintendent of Schools does for the School Committee.

The Finance Committee establishes budget guidelines for both the operating budget and for the capital budget. The guidelines are published in the fall. The various Town boards and departments then prepare their budget request for the coming fiscal year in the MUNIS Projection File. The Town Finance Department does an initial review of budget requests in December. By the beginning of January, the Finance Committee begins its review process and meetings with department heads regarding their requests. In early February the Finance Committee presents the Draft or Proposed Budget for the Board of Selectmen and for Town Meeting.

The Finance Committee presents an approximate ten page *Report of the Finance Committee* for the residents, which explains the financial environment and constraints and overall approaches used to present a balanced budget. The report discusses revenues, changes in revenue from the prior year, expenditure changes as well as all of the proposed capital requests.

Budget Process Findings and Recommendations

Finding 1

Current budget request process provides expenditure numbers only to the Finance Committee

The current process provides MUNIS Budget Requests for the Finance Committee that present: the prior year actual expenditure, the current year budget, the current year revised budget and the request for the next fiscal year. The Finance Committee does not receive additional information to support the budget requests with the exception of some Department of Public Works staffing numbers.

Recommendation

We recommend that the department head and Finance Department provide the following as part of the presentation of each department's budget request:

- A simple narrative of key objectives, issues, reductions or decreases in service levels
- A presentation of historical, current and planned staffing (full time equivalents - FTEs)
- A presentation of a few key indicators or performance measures relative to department's functions/activities

Appendices *IX.a*, *IX.b* and *IX.c* present sample formats of the three supplemental pages for the Police Department.

Finding 2

The Proposed Revenue Budget should provide more subcategories for enhanced understanding and monitoring and additional historical information

The current revenue budget presentation presents “macro” revenue categories only. The specific categories are:

- Real Estate Taxes
- State Revenues
- Local Receipts
- Water Receipts
- Enterprise Receipts
- Free Cash (to be appropriated)

Recommendation

The Town's revenue budget for FY 2011 as reported on the Tax Rate Recapitulation approved by the Department of Revenue on December 8, 2010 is \$69,073,563. The Budget as presented by the Finance Committee in its Report is at a very macro budget level, for example all “Local Receipts”. The category Local receipts should be delineated and budgeted by each of its subcategories: for example, motor vehicle tax, meals tax, building permits, plumbing permits, municipal lien certificates and the like.

The categories and sub-categories of revenue that should be included for budget presentation are presented in *Appendix X.a*. (these more delineated categories and sub-categories then become the basis for revenue budget to actual reporting during the fiscal year). The proposed revenue presentation should include two prior years actual of revenue history.

The Town's Interim Financial Reporting

Importance of Interim Financial Reporting

Interim financial reporting is important to show compliance with the voted appropriations of Town meeting and estimated receipts, to facilitate management control of operations and to present information as to changes that are impacting the management and administration of the adopted budget, both revenues and appropriations.

Interim reports should be timely, relevant and useful for the users and they should act as an aid in the preparation of the subsequent year's budget since the subsequent year's budget is prepared several months before the fiscal year begins. The primary type of interim financial report is an operating statement that compares estimated revenues with actual year to date revenues and budgeted expenditures with actual year to date expenditures. Most interim operating financial statements are prepared monthly, some are prepared quarterly. Normally a narrative supplementing the interim financial report improves the potential for a clear understanding of the numbers presented.

Finding 3

No Interim Financial Reporting

The current practice does not provide for regular interim budgetary and financial reporting to the Finance Committee, Town Administrator, Board of Selectmen or any interested resident. The finance director does provide a midyear macro level spending report. After the close of the fiscal year the Finance Director provides a two-page spreadsheet, which reports the factors that caused a change in the unreserved fund balance of the general fund (Free Cash). In brief, it lists changes in revenue sources and "turn backs" of appropriations and voted uses of free cash, etc.

With respect to the revenue budget, it is also important to note that no dollar amount for revenue budgets, for any category of revenue, are recorded on the general ledger of the Town. For example, budgets for revenue, i.e. motor vehicle excise tax, building permits, interest income etc. are not recorded on the general ledger to then allow measurement and tracking of revenues collected against budget in the MUNIS Financial Management System.

Revenue – Interim Reporting Recommendations

3. a Record the Revenue Budget on General Ledger at Inception of Fiscal Year and Record the Revised Revenues at Tax Recapitulation

At the start of the fiscal year the revenue budget as voted by Town Meeting should be recorded on the general ledger by the categories and sub categories as stated in Recommendation Number 2 above. The recording of budgets provides the baseline to measure actual revenues collected each month to budget and positive or negative performance.

Also, in the fall when the Town submits the *Tax Recapitulation Sheet* (multi schedule tax rate setting document) to the Department of Revenue, there will be final changes to the Town's revenue budget. For example "New Growth" may be higher than budgeted, so this adjustment should be made in MUNIS as a Revision (in Revised Column) to the Revenue Budget for the Tax Levy (as applicable). Any other revenue adjustments that take place at the time of approval of the *Recap Sheet* and the tax rate should also be recorded on the MUNIS Revenue Ledger in the Revised Budget column.

3.b Provide Quarterly Revenue Reports to Finance Committee, Town Administrator and Community

Appendix II provides a recommended MUNIS *General Fund Revenue Budget to Actual Report*. It can be downloaded from MUNIS to Excel to improve the formatting of the document. The recommended revenue format should be published by the Finance Director each quarter. This revenue report delineates revenues of the Town by category and sub category. It is recommended that the report also show historical revenue collections for the two prior fiscal years (year to date) through the same reporting period (quarter).

We recommend that the report include a brief one (or two) page narrative, which explains strong revenue performance to actual, as well as any revenue sources that are at risk. The report should note which revenues are affected by seasonality or are simply collected later in the year (i.e. Motor Vehicle Excise). The second quarter report should highlight any changes to revenues of the Town at the time of tax recapitulation – tax rate certification. For example, changes in new growth and other changes in revenue estimates.

This report should be published on the Town's website. In this manner, paper copies do not have to be generated and distributed. Also it should mitigate questions about revenue, as the report will be available to the Finance Committee, Town Administrator, Board of Selectmen and all interested parties.

We recommend that the Finance Director publish revenue reports for the appropriated funds of the Town:

- A. Quarterly General Fund Revenues – Budget to Actual (see *Appendix X.a*)
- B. Quarterly Water Fund Revenues – Budget to Actual (see *Appendix X.c*)
- C. Quarterly Wastewater Fund Revenues – Budget to Actual (see *Appendix X.e*)

3.c Provide Quarterly Appropriation/Expenditure Reports

The reports recommended on the following pages provide for Quarterly "Budget Year to Date" reports for both Revenues and Appropriations/Expenditures that includes a

narrative analysis of factors that for example, causing a department's overtime to vary from plan, deviations in health insurance versus budget and the like.

We also recommend that the Expenditure Year to Date Report also report encumbrances. Encumbrances recorded via purchase orders are important to facilitate only payment of invoices that are in legal compliance with procurement law and also to assure that the same funds in a specific budget are not obligated for dual purposes as they are obligated on the general ledger at the point of purchase/contract.

The Budget Year to Date Reports will be produced in MUNIS after the "close" of the quarter and can be published in that format or can be downloaded to Excel for improved formatting and presentation. The recommend reports are:

- D. Quarterly General Fund Appropriations – Budget to Actual (*see Appendix X.b*)
- E. Quarterly Water Fund Appropriations – Budget to Actual (*see Appendix X.d*)
- F. Quarterly Wastewater Fund Appropriations – Budget to Actual (*see Appendix X.f*)

Finding 4

Capital Project Budgets are not recorded by Categories on General Ledger and Activity is not reported to Finance Committee

Capital Projects are typically significant appropriations expended over multiple fiscal years due to their scale and complexity, and sometimes are problematic. Currently the budget for capital projects on the general ledger is one "bottom line" amount. The financial status of capital projects, per the general ledger, the official record, is not currently reported on a periodic basis to the Finance Committee or other relevant boards and committees. The one "bottom line" budget number on the ledger does not allow effective control of spending on the general ledger and through the warrant process.

Recommendation

The Town should require more detailed capital project fund budgets to be recorded on the general ledger. The Finance Department should record capital project budgets at a more discrete level than "bottom line" on the general ledger. The creation of various categories: i.e. architect, project management, construction, contingency etc. is important for the Town's management and control of the financial status of the project and compliance with appropriations/authorizations.

The School Building Authority (SBA) is reviewing aspects of the project but any overrun etc. is the full responsibility of the Town as such the finance department as a function of a control role should implement project financial management and control at a discrete level (architect, legal, land, etc). Interim reports on the financial status (Town delineated budget categories) should be

prepared and published quarterly. *Appendix X.g* presents a recommended format. The capital project interim reports should also be published on the website. Relevant narrative comments of any issues should be included.

Finding 5

Need Other Non-General Fund Town Funds Reporting

Recommendation

Consistent with our recommendation for the School Department which outlines a quarterly (and year end) report format for the other non-general fund funds of the School Committee, the Town's Finance Director (Accountant) should prepare the same format type of report for the special revenue, grant and gift funds of the Town.

This quarterly report would identify any issues with the specific fund, for instance if it had a "deficit" balance it could indicate if it is a temporary deficit pending a grant receipt etc. The principal goal is to have reporting and accountability to the Finance Committee and others.

Finding 6

Consider Comprehensive Year End Budgetary Basis Reporting to Finance Committee and Town

Annually the independent audit firm presents annual financial statements based on generally accepted accounting principles. These are the GAAP financial statements. It is important to note that Massachusetts municipalities operate on the budgetary basis of accounting, which differs significantly from generally accepted accounting principles for local government. The primary objective of budgetary basis financial statements is to demonstrate budget and related legal compliance and to identify resources available for support of future year services.

We recommend that the Finance Director and the Finance Committee discuss the value of preparing an Annual Financial Report (Budgetary Basis) that would present year-end budgetary basis financial statements for the funds of the Town. This is a comprehensive report for all funds of the town, which should not be confused with the two page "Budget to Actual" Schedule that the independent audit firm includes in the Town's Basic Financial Statements (after the audit).

Finding 7

Consider a Comprehensive Annual Financial Report (CAFR) as a future goal

Some municipalities prepare a document each year, called the *Comprehensive Annual Financial Report (the CAFR)*, and considered to be a best practice in governmental financial reporting. This document includes the audited financial statements and other financial and statistical information prepared by management. The development and publication of a CAFR for the Town of Wayland could be a future objective or item of discussion for the Finance Committee and Finance Director.

APPENDICES

Superintendent's Proposed Budget Recommended Table of Contents

Appendix I.

I. INTRODUCTION AND OVERVIEW

Budget Message from Superintendent
FY 12 School Committee Budget Guidelines and Priorities
Executive Summary (Charts, Graphs)
Factors Affecting the Budget (Budget Drivers)
Chapter 70, Foundation Budget and Required School Spending
Budget Calendar

II. BUDGET SUMMARIES

Summary by School (Site) or Department/Responsibility Center
Summary by State Function
Summary by Major Category
Summary by Major Category/Object

III. OPERATING BUDGET

Schools:

Happy Hollow School
Claypitt Hill School
Loker School
Wayland Middle School
Wayland High School

Department/Responsibility Centers:

Special Education
Technology
Facilities
Athletics
Transportation

School Leadership:

School Committee
Superintendent
Assistant Superintendent - Curriculum
Assistant Superintendent - Personnel
Business Office

Employee Benefits

Health Insurance
Retirement

(not included in School Appropriation, however discussion is important)

Superintendent's Proposed Budget Recommended Table of Contents

Appendix I. Continued

IV. OTHER FUNDS

A. Special Revenue and Revolving Funds

Circuit Breaker

Before and After School Enrichment (BASE)

Pegasus

B. Gifts and Donations

C. State and Federal Grants

V. CAPITAL BUDGET

Capital Projects

Equipment

Deferred Projects/Equipment

APPENDICES

Glossary

Index to DESE Categories

ETC.

Happy Hollow Elementary School

Appendix II.a

FY 12 Objectives: Consistent with the School Committee guidelines the key objective is to maintain class size at the elementary level in a time of fiscal constraint. Based upon ongoing study of continued quality of education but to provide cost savings this budget provides for a some savings based on initiatives proposed below.

Explanation: The primary cost increase for FY 12 at Happy Hollow is an increase of \$XXXXXX for salary and wage increases consistent with collective bargaining agreements.

In order to reduce costs the FY 12 budget proposes a reduction in XXXXXXXXXXXXXXXX;

Proposal:

Expected Outcomes:

Savings: The net cost savings for this proposal is \$65,000 including \$40,000 in salaries and \$25,000 in benefits.

(Any other significant changes would go here).

The direct incremental costs of all budget changes for FY 12 at Happy Hollow School are presented in the *Budget Summary* on the next page. We have also presented key indicators for the school including FY 09 and FY 10 Actual, Current Year statistics and FY 12 Proposed. This page also shows the dollars allocated to the school for the same four year period by major category of expenditure and the percentage change by major category. The staffing levels for each subject/activity and spending by subject/activity are presented in the *Activity/Subject* section .

Classroom Information is presented in the following section. Specifically it presents: Classroom Enrollment, Classroom FTEs and the Pupil Teacher Ratio by each Grade and by Regular Education and Special Education.

The detailed FY 12 budget for Happy Hollow School by Activity/Subject and by object of expenditure is presented immediately following the Summary Sections. The detailed MUNIS budget includes projected spending through June 30, 2011; it presents the FY 12 Proposed Spending and the percentage change by object of expenditure.

Happy Hollow Elementary School

Appendix II.b

I. Budget Summary

Actual		Current Year Actual and Estimated			Proposed	Change FY 11 to FY 12	% Change
FY 09	FY 10	Adopted	Exp/Enc. 6 Months	Estimated to June 30th	FY 12		
Measures and Indicators:							
Enrollment							
Per Pupil Spending (at Site)							
FTEs:							
Management and Administration							
Classroom Teachers							
Classroom Teacher Aides							
Other Instructional							
Custodians							
Total FTEs							
Expenditures by Category:							
Personal Services							
Total Expenditures							

FY 12 Major Changes and Initiatives:	Direct Incremental Cost/(Savings)
Collective Bargaining Increases	\$ 98,000
Staffing Change	\$ (67,200)

II. BUDGET and FTEs by ACTIVITY/SUBJECT

Appendix II.c

Actual	Current Year Actual and Estimated	Proposed	Change FY 11 to FY 12	EXPENDITURES BY ACTIVITY/SUBJECT:			
				FY 09	FY 10	Adopted	Actual Estimated 6 Months to June 30th FY 12
ADMINISTRATION							
REGULAR CLASSROOM							
SPECIAL EDUCATION CLASSROOM							
AFTER SCHOOL ACTIVITIES							
ART							
GUIDANCE							
INSTRUCTIONAL TECHNOLOGY							
LIBRARY/MEDIA SERVICES							
MUSIC							
PHYSICAL EDUCATION							
PSYCHOLOGICAL SERVICES							
CUSTODIAL SERVICES							
TOTAL HAPPY HOLLOW EXPENDITURES							
<u>FTEs BY ACTIVITY/SUBJECT:</u>							
ADMINISTRATION							
REGULAR CLASSROOM							
SPECIAL EDUCATION CLASSROOM							
AFTER SCHOOL ACTIVITIES							
ART							
GUIDANCE							
INSTRUCTIONAL TECHNOLOGY							
LIBRARY/MEDIA SERVICES							
MUSIC							
PHYSICAL EDUCATION							
PSYCHOLOGICAL SERVICES							
CUSTODIAL SERVICES							
TOTAL HAPPY HOLLOW FTEs							

III. Classroom: Enrollment, FTEs and Pupil Teacher Ratio

Appendix II.d

	Actual FY 09	Actual FY 10	Current Year	Proposed FY 12	Change FY 11 to FY 12
I. REGULAR EDUCATION					
Grade 1 Teachers					
Grade 1 Teaching Assistants					
Grade 1 Enrollment					
Grade 1 Pupil/Teacher Ratio					
Grade 2 Teachers					
Grade 2 Teaching Assistants					
Grade 2 Enrollment					
Grade 2 Pupil/Teacher Ratio					
Grade 3 Teachers					
Grade 3 Teaching Assistants					
Grade 3 Enrollment					
Grade 3 Pupil/Teacher Ratio					
Grade 4 Teachers					
Grade 4 Teaching Assistants					
Grade 4 Enrollment					
Grade 4 Pupil/Teacher Ratio					
Grade 5 Teachers					
Grade 5 Teaching Assistants					
Grade 5 Enrollment					
Grade 5 Pupil/Teacher Ratio					
II. SPECIAL EDUCATION					
Classroom FTES, and Pupil/Teacher Ratio					
Grade 1 Teachers					
Grade 1 Teaching Assistants					
Grade 1 Enrollment					
Grade 1 Pupil/Teacher Ratio					
Grade 2 Teachers					
Grade 2 Teaching Assistants					
Grade 2 Enrollment					
Grade 2 Pupil/Teacher Ratio					
Grade 3 Teachers					
Grade 3 Teaching Assistants					
Grade 3 Enrollment					
Grade 3 Pupil/Teacher Ratio					
Grade 4 Teachers					
Grade 4 Teaching Assistants					
Grade 4 Enrollment					
Grade 4 Pupil/Teacher Ratio					
Grade 5 Teachers					
Grade 5 Teaching Assistants					
Grade 5 Enrollment					
Grade 5 Pupil/Teacher Ratio					

Budget by Site, by Activity, Character of Expenditure and Detailed Object

Budget by Site, by Activity, Character of Expenditure and Detailed Object

28

Recommended MUNIS FORMAT - Sample

Appendix H.c

50 HAPPY HOLLOW ELEMENTARY SCHOOL

Budget by Site, by Activity, Character of Expenditure and Detailed Object

		FY 10 Actual	FY 11 Original	FY 11 Revised	FY 11 Actual*	FY 11 Projected to 6/30/11	FY 12 Proposed	% Change
55536 - SOFTWARE - LICENSES	Expense							
55562 - EQUIPMENT - CLASSROOM	Expense							
55563 - EQUIPMENT - REPAIR PARTS	Expense							
TOTAL INSTRUCTIONAL TECHNOLOGY								
 CLASSROOM TEACHERS								
55150 TEACHER	Personal Service							
55300 TEACHING ASSISTANT	Personal Service							
55515 - TEXTBOOKS - CONSUMABLES	Expense							
55516 - TEXTBOOKS - NEW ADOPTION	Expense							
55480 - OTHER CONTRACT SERVICES	Expense							
55521 - SUPPLIES - CLASSROOM	Expense							
55562 - EQUIPMENT CLASSROOM	Expense							
55676 - CONFERENCE REGISTRATION	Expense							
TOTAL CLASSROOM TEACHERS								
 LIBRARY/MEDIA SERVICES								
55164 LIBRARY/MEDIA SPECIALIST	Personal Service							
55480 - OTHER CONTRACT SERVICES	Expense							
55518 - BOOKS - LIBRARY	Expense							
55527 - SUPPLIES - OTHER	Expense							
55532 - COMPUTER SUPPLIES	Expense							
55541 - SUBSCRIPTIONS	Expense							
55561 - EQUIPMENT - MEDIA	Expense							
TOTAL LIBRARY/MEDIA SERVICES								
 MUSIC								
55150 TEACHER	Personal Service							
55516 TEXTBOOKS - NEW ADOPTION	Expense							
55521 SUPPLIES - CLASSROOM	Expense							
TOTAL MUSIC - GENERAL								

Recommended MUNIS FORMAT - Sample

Appendix H.e

50 HAPPY HOLLOW ELEMENTARY SCHOOL

Budget by Site, by Activity, Character of Expenditure and Detailed Object

		FY 10 Actual	FY 11 Original	FY 11 Revised	FY 11 Actual*	FY 11 Projected to 6/30/11	FY 12 Proposed	% Change
43 MUSIC - INSTRUMENTAL								
55150 TEACHER	Personal Service							
55521 SUPPLIES - CLASSROOM	Expense							
55563 EQUIPMENT - REPAIR PARTS	Expense							
55610 MEMBERSHIP - PROFESSIONAL	Expense							
TOTAL MUSIC - INSTRUMENTAL								
52 PHYSICAL EDUCATION								
55150 TEACHER	Personal Service							
55521 - SUPPLIES - CLASSROOM	Expense							
55562 - EQUIPMENT _ CLASSROOM	Expense							
TOTAL PHYSICAL EDUCATION								
53 PSYCHOLOGICAL SERVICES								
55161 PSYCHOLOGIST	Personal Service							
55528 - SUPPLIES - TESTING	Expense							
TOTAL PSYCHOLOGICAL SERVICES	Expense							

Continues for Other Activities:

**Sample Budget Document Format for Non-General Fund Funds
(Revolving, Grants etc.)**

Fund Name: BASE - Before and After School Enrichment
Type of Fund: REVOLVING
Fund Manager:
Fund Purpose: Fee Based Program for Full Day School experience
Fund Description: The BASE Program is a fee based program that affords children the opportunity to experience a full school day. Children can attend BASE ___ to ___ days per week. The curriculum is topic based enrichment, primarily focused on science and _____. A total of ___ are enrolled in FY 11 and we estimate an enrollment of ___ for FY 12.
Legal Basis: M. G. L. Chapter 71, Section 47.

Issues for FY 12:

Staffing/FTEs:	FY 10	FY 11	FY 12
Teachers			
Teaching Assistants			

Fund Balance:	FY 10	FY 11	FY 12

Revenues:	FY 10	FY 11	FY 12

Proposed Budget:	FY 10	FY 11	FY 12
Personal Services:			

Expenses:

Wayland Public Schools

Appendix IV.

Budget by Site/School or Department; Activity/Subject

Listing of Departments (Sites) and Activities to be presented in Superintendent's Proposed Budget
(all Activities have Detailed Objects of Expenditure)

Site/School or Department	Activity/Subject
School Committee	School Committee
Superintendent	Superintendent
Superintendent	Employee Benefits
Superintendent	Instructional Technology
Assistant Superintendent - Personnel	Assistant Superintendent
Assistant Superintendent - Personnel	Human Resources
Assistant Superintendent - Curriculum	Assistant Superintendent
Assistant Superintendent - Curriculum	Curriculum Development
Facilities	Facilities
<i>Note: Categorizes as its own Dept. no longer budgeted and accounted for under Business Office</i>	
Transporation	Transportation
<i>Note: Categorizes as its own Dept. no longer budgeted and accounted for under Business Office</i>	
Business Office	Accounting
Business Office	Adminsitration
Business Office	Employee Benefits
Business Office	Payroll
<i>Note: Removes Facilities and Transporation as budgeted and accounted for under Business Office</i>	
Special Education	English Language Acqui
Special Education	Special Education Tuitions
Special Education	Testing
Special Education	Transporation

Wayland Public Schools

Appendix IV.

Budget by Site/School or Department; Activity/Subject

Listing of Departments (Sites) and Activities to be presented in Superintendent's Proposed Budget
(all Activities have Detailed Objects of Expenditure)

Site/School or Department	Activity/Subject
Technology	Administrative Technology
Technology	Information Management
Athletics	Athletics
High School	Administration
High School	After School Activities
High School	Art
High School	Business Education
High School	Classical Studies
High School	English
High School	Guidance
High School	Health Education
High School	Instructional Technology
High School	Library/Media Services
High School	Mathematics
High School	Music - General
High School	Physical Education
High School	Psychological Services
High School	Science
High School	Special Education
High School	Social Studies
High School	Theater Arts
High School	World Language
High School	Academic Center
High School	Custodial Services

Wayland Public Schools

Appendix IV.

Budget by Site/School or Department; Activity/Subject

Listing of Departments (Sites) and Activities to be presented in Superintendent's Proposed Budget
(all Activities have Detailed Objects of Expenditure)

Site/School or Department	Activity/Subject
Middle School	Administration
Middle School	After School Activities
Middle School	Art
Middle School	Athletics
Middle School	Classical Studies
Middle School	English
Middle School	Guidance
Middle School	Health Education
Middle School	Instructional Technology
Middle School	Library/Media Services
Middle School	Mathematics
Middle School	Music - General
Middle School	Physical Education
Middle School	Psychological Services
Middle School	Science
Middle School	Special Education
Middle School	Social Studies
Middle School	Technology Education
Middle School	Theater Arts
Middle School	World Language
Claypitt Hill Elementary	Administration
Claypitt Hill Elementary	Regular Classroom
Claypitt Hill Elementary	Special Education Classroom
Claypitt Hill Elementary	After School Activities
Claypitt Hill Elementary	Art
Claypitt Hill Elementary	Guidance
Claypitt Hill Elementary	Instructional Technology

Wayland Public Schools

Appendix IV.

Budget by Site/School or Department; Activity/Subject

Listing of Departments (Sites) and Activities to be presented in Superintendent's Proposed Budget
(all Activities have Detailed Objects of Expenditure)

Site/School or Department	Activity/Subject
Claypitt Hill Elementary	Library/Media Services
Claypitt Hill Elementary	Music - General
Claypitt Hill Elementary	Music - Instrumental
Claypitt Hill Elementary	Physical Education
Claypitt Hill Elementary	Psychological Services
Claypitt Hill Elementary	Custodial Services

*Note: Eliminates: Language Arts, Math, Reading, Social Studies and Science and Consolidates into Classroom Activity
Eliminates Kindergarten as no longer needed, Adds Custodial Services*

Happy Hollow Elementary	Administration
Happy Hollow Elementary	Regular Classroom
Happy Hollow Elementary	Special Education Classroom
Happy Hollow Elementary	After School Activities
Happy Hollow Elementary	Art
Happy Hollow Elementary	Guidance
Happy Hollow Elementary	Instructional Technology
Happy Hollow Elementary	Library/Media Services
Happy Hollow Elementary	Music - General
Happy Hollow Elementary	Music - Instrumental
Happy Hollow Elementary	Physical Education
Happy Hollow Elementary	Psychological Services
Happy Hollow Elementary	Custodial Services

*Note: Eliminates: Language Arts, Math, Reading, Social Studies and Science and Consolidates into Classroom Activity
Eliminates Kindergarten as no longer needed, Adds Custodial Services*

Loker School	Administration
Loker School	Regular Classroom

Wayland Public Schools

Appendix IV.

Budget by Site/School or Department; Activity/Subject

Listing of Departments (Sites) and Activities to be presented in Superintendent's Proposed Budget
(all Activities have Detailed Objects of Expenditure)

Site/School or Department	Activity/Subject
Loker School	Special Education Classroom
Loker School	After School Activities
Loker School	Art
Loker School	Guidance
Loker School	Instructional Technology
Loker School	Kindergarten
Loker School	Library/Media Services
Loker School	Music - General
Loker School	Physical Education
Loker School	Psychological Services
Loker School	Custodial Services

Note: Adds Custodial Services

**Town of Wayland - School Committee
Budget Order**

Appendix V.

Ordered:

That consistent with the total voted appropriation of town meeting in the amount of \$_____ for the fiscal year commencing on July 1, 2011 that the appropriation is allocated for the following purposes by major category of expenditure. The school committee must review and vote to approve or reject any proposed transfer between sites/departments or between category of expenditure within a site/department.

***School Site or Department and
Category of Expenditure:***

High School

Personal Services
Expenses
Total

Happy Hollow Elementary School

Personal Services
Expenses
Total

Middle School

Personal Services
Expenses
Total

Loker School

Personal Services
Expenses
Total

Claypit Hill Elementary School

Personal Services
Expenses
Total

Special Education

Personal Services
Expenses
Total

School Committee

Personal Services
Expenses
Total

School Leadership/Administration

Personal Services
Expenses
Total

Facilities

Personal Services
Expenses
Total

Transportation

Personal Services
Expenses
Total

Information Technology (Administrative)

Personal Services
Expenses
Total

Athletics

Personal Services
Expenses
Total

Total Appropriation*

* to agree with total Appropriation of Town Meeting

=====

Sample Quarterly Report to School Committee

Appendix VI.a

To: School Committee

From: Business Manager

Date:

Re: First Quarter Report – School Appropriation and “Other School Funds”

The attached shows the adopted budget and the revised budget through the first quarter.

School Committee Transfers

It reflects the one transfer as voted by the School Committee on September XX. The transfer from ----- has allowed us to supplement funds for the _____. With this transfer the funding for ____ is projected to be sufficient through the end of the fiscal year.

The attached report shows the status of the budget according to the Budget Order of the School Committee and the status of each area with projections to June 30th and the projected status of the year end position by school/department and by category of expenditure for the respective school/department.

Status of Key Areas:

I. Financial

Through the end of the quarter we have spent \$\$ or x % of the annual budget. As you will note we have encumbered full year funding for the following areas: _____. Overall staffing is within less than 0.2% of budget. Unemployment is projected to be over budget by \$ xxxx due to _____ and if necessary we will fund this if necessary with a transfer from _____. Other major spending areas including transportation, building maintenance, supplies and equipment are either favorable or on target to budget. The following are some key points by major area:

Operations and Facilities:

Utilities:

Student Services/Special Education:

Transportation:

School Sites:

A summary of the financial activity of the "Other Funds: Special Revenue/Grants/Revolving is presented in the attachment. With respect to "Other Funds" you should be aware of the following:

Grants and Private Funds (Gifts)

School Lunch Program

BASE

Etc.

A detailed MUNIS Year to Date Budget Report is also provided as supporting/back – documentation of this first quarter update and analysis.

Appendix V.b

- 41 -

Appendix VII.

Carry over/

42

School Non - General Fund Funds

Appendix VII.

Recommended Quarterly Report Format

Fund No.		Carry over/ Opening	Transfers	Receipts	Expended	Encumbered	Current Balance	Forecasted Receipts	Projected Need to Yr end	Projected Yr end Balance
		Balances								
	Non Operating Funds									
3589	FY09 Title I									
3500	FY10 IDEA									
3510	FY10 SPED Early Childhood									
3530	FY10 Title II, Part A									
3540	FY10 Title II, Part D									
3590	FY10 ARRA-IDEA									
3600	FY10 ARRA-Early Childhood									
	Total Federal Grants									
	State and Other Grants									
3409	FY09 Safe & Drug Free Schools									
3439	FY 09 Academic Support									
3400	FY10 Safe & Drug Free Schools									
3430	FY 10 Academic Support									
3470	FY 10 METCO									
3579	Substance Abuse Prevention									
	Total State Grants									
	Capital Project Funds									
3705	High School Project									
3700	Middle School Renovations									
3757	FY 07 Capital Building Repairs									
3787	FY 07 NEASC Repairs									
3758	FY 08 Capital Building Repairs									
3788	FY 08 HS Building Repairs									
3759	FY 09 Capital Building Repairs									
3760	FY 10 Capital Equipment (Vehicle)									
3770	FY 10 Capital Technology									
3750	FY 10 Capital Building Repairs									
	Total Capital Projects Funds									
	Fiduciary Funds									
XXXX	Scholarship Funds									
YYYY	Student Activity Agency Fund									
	Total Fiduciary Funds									

Wayland School Chart of Accounts - Segment Analysis

Segment 1	Segment 2	Segment 3	School (site) or Department Segment 4	Activity/Subject Segment 5	Segment 6	Segment 7	Segment 8	Detailed Object Segment 9	Segment 10
Fund	Function	Dept.	Location/TN Bud	School Dept (Internal Object)	Category	DOE Function	BLANK	Object	Project
2 digit	1 digit	4 digit	2 digit	2 digit	2 digit	4 digit	Not Used	5 digits	4 digits
10 Applies to all	3 Applies to all	3100 Applies to all as 3200 is the Voke School	<p>This Segment is a combination of True Location-Site and Other Key Areas of the School System -- i.e. Supt., Business Office, Technology</p> <p>While it does not allow a pure segregation of "Location" in its own Segment; it would impact the ORG if it is changed</p> <p>ALSO Code 15 Business Office has too many "activities" within it, for instance: Facilities, Transportation and Ee Benefits</p>	<p>This code really represents an "Activity" that is subordinate to Segment No. 4</p> <p>I.e. -- 01 Accounting 38 Library/Media Services 41 Music 55 Reading 53 Psych Services etc</p>	<p>Character OO</p> <p>All School Accounts in this Segment are OO</p> <p>They can pull thru "Segment Find" feature the following: 31 - Profess Salary 32 Clerical Salary 33 Other Salary 34 Contract Services 35 Sup/Materials 36 Other Expenses</p> <p>Note this is pulling from the 3rd digit of the Object in Segment 9</p> <p>See Character Below</p>	<p>This is the St. Function Code and it is a "Short Code" with ORG</p>	<p>The object. Note: the 3rd digit is key and denotes one of the six State Objects</p>	<p>This is used to denote each Revolving Fund or Grant, etc. within Fund 25</p> <p>School Capital Projects in Fund 41</p>	
Applies to Every	Applies to Every	Applies to Every	11- School Committee 12-Superintendent 13 Asst Supt Personnel 14 Asst Supt Curriculum 15 Business Office 16 Special Ed 20 High School 25 Athletics 30 Middle School 40 Claypit Hill 50 Happy Hollow 60 Loker 70 WSCP 75 METCO 79 Food Service <u>Recommended New Codes:</u> Facilities Transportation Ee Benefits	<u>Rec. New Codes:</u> Elementary Classroom Custodial Services		Function is at back end of string 1210 Supt 1220 Asst. Supt 1410 Bus & Fin 1420 HR & Ben etc			

Superintendent
ORG 03126402

Appendix VIII.

10	3	3100		12	64	No Character	0	1210	55100
			12 = Supt		64 = Supt			1210 = Supt	His Salary Object

Character:

Note; Character Codes --- Denoted in 3 digit of Object so 1 the 55100 is Professional Salary

31-Professional Salary

32-Clerical Salary

33-Other Salary

34-Contract Services

35-Supply and Mat

36 Other Exp

39 Unclassified

**Org Code Logic
Superintendent**

03	General Fund - Education
12	Location/Area(Segment 4) - Superintendent
64	Superintendent (School Internal Coden for Supt.) (Segment 5)
02	State Function - so 02 is the "Short Code" for State Function 1210 - Supt.

Happy Hollow - Library - Instructional Materials

03	General Fund - Education
50	Location/Area - Segment 4 - Happy Hollow School
38	Library/Media Services (School Internal Code for Activity/Subject) Segment 5
27	State Function - 27 is "Short Code" for Other Instructional Materials

Police Department

FY 12 Objectives:

Explanation: The primary cost increase for FY 12 is

(Any other significant changes (additions or cut backs or changes in service levels would be described here).

The direct incremental costs of budget changes for FY 12 are presented in the *Budget Summary* on the next page. We have also presented key indicators for the department including FY 09 and FY 10 Actual, Current Year statistics and FY 12 Proposed. This page also shows the dollars allocated to the department for the same four year period by major category of expenditure and the percentage change by major category. The staffing levels (FTEs) for the department historical, current and proposed are also presented.

The detailed FY 12 MUNIS budget for the Police Department by category of expenditure is presented following the summary information. The detailed MUNIS budget includes projected spending through June 30, 2011; it presents the FY 12 Proposed Spending and the percentage change by object of expenditure.

Function: Public Safety
Department: Police

Appendix IX.b

1. Budget Summary

	Actual FY 09	Actual FY 10	Current Year Actual and Estimated		Proposed FY 12	Change FY 11 to FY 12	% Change
			Adopted	Exp/Enc. 6 Months	Estimated to June 30th		
<i>Measures and Indicators:</i>							
Part I Crimes							
Complaints responded to/Dispatches							
Average Response Time							
Arrests made							
<i>FTEs:</i>							
Management and Administration							
Patrol							
Investigatory Services							
Supporting Services							
Total FTEs							
<i>Expenditures by Category:</i>							
Personal Services							
Non-Personal Services							
Total Expenditures							
FY 12 Major Changes and Initiatives:					Direct Incremental Cost/(Savings)		
Collective Bargaining Increases							
Change in Staffing etc.							

Recommended MUNIS FORMAT - Sample

Department: Police

Budget by Category of Expenditure and Object

	FY 10	FY 11	FY 11	FY 11	FY 11	FY 11 Projected to 6/30/11	Proposed FY 12	% Change
51 PERSONNEL SERVICES								
51002 SALARIES								
51140 OVERTIME								
51920 BUYBACK								
TOTAL PERSONNEL SERVICES								
52 PURCHASE OF SERVICE								
52100 CONTRACTUAL SERVICES								
52111 PHYSICALS								
52112 TRAINING								
52116 EQUIPMENT REPAIR								
52117 VEHICLE REPAIR								
52127 TRAFFIC CO								
52139 SPEC SERV								
TOTAL PURCHASE OF SERVICE								
54 SUPPLIES								
54100 SUPPLIES								
54111 VEHICLE GAS								
54115 UNIFORMS								
54500 SMALL EQUIP								
54503 VEHICLES								
TOTAL SUPPLIES								
TOTAL POLICE								

Appendix IX.c

TOWN OF WAYLAND,
GENERAL FUND
COMPARATIVE BUDGET TO ACTUAL REPORT
July 1, 2010 - December 31, 2010
(with comparative totals for the first six months of the two prior fiscal years)

	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	Budget	Revised Budget	July 1, 2010 - Dec. 31, 2010 YTD Revenue	% Budget	July 1, 2009 - Dec. 31, 2009 Annual	% Annual
Real estate and personal property taxes:						
Current Year Taxes						
Prior Year Taxes						
Total Property Taxes						
Tax Title Redeemed						
Motor Excise Taxes:						
Current Year Motor Vehicle Excise Tax						
Prior Year Motor Vehicle Excise Tax						
Total Motor Excise Taxes						
Meals Tax						
Penalties and interest on taxes:						
Personal Property Tax						
Real Estate Tax						
Tax Liens						
Motor Vehicle Tax						
Total Penalties and interest on taxes						
In Lien of Tax Payments						
Charges for Service:						
Town Office Fees						
Municipal Lien Certificates						
Treasurer/Collector Fees						
Cell Tower Fees						
Conservation Fees						
Police Department Fees						
B & Z Fees						
BOH Septic System Fees						
BOH Building Approval Fees						
BOH Food Fees						
BOH Misc. Fees						
Transfer Station Sticker Fees						
Transfer Station Recycling						

TOWN OF WAYLAND,
GENERAL FUND
COMPARATIVE BUDGET TO ACTUAL REPORT
July 1, 2010 - December 31, 2010
(with comparative totals for the first six months of the two prior fiscal years)

Appendix X.a

	Fiscal Year 2011				Fiscal Year 2010		Fiscal Year 2009	
	Budget	Revised Budget	July 1, 2010 - Dec. 31, 2010 YTD Revenue	% Budget	July 1, 2009 - Dec. 31, 2009	% Annual	July 1, 2008 - Dec. 31, 2008	% Annual
Transfer Station Payt Fees								
COA Fees								
Cemetery Fees								
Misc. Revenue								
Total Charges for Service								
Medicaid Revenue								
Licenses & Permits:								
Selectmen's Lic. & Permits								
Town Clerk's Lic. & Permits								
Fire Dept Lic. & Permits								
Building Permits								
Gas Permits								
Electric Permits								
Plumbing Permits								
BOH Lic. & Permits								
Total Licenses & Permits								
Special Assessments								
Fines & Forfeitures:								
Parking Fines								
Court Fines								
Library Fines								
Total Fines & Forfeitures								
Interest Income								
Miscellaneous Local Revenue								
State Revenue - Cherry Sheet:								
Ch 70 School Aid								
Unrestricted Gen Gov Aid								
Veterans Benefits Ch 115								
Exemptions - Vet, Blind, Surv Spou								
State Owned Land Reimbursement								

TOWN OF WAYLAND,
GENERAL FUND

Appendix X.a

COMPARATIVE BUDGET TO ACTUAL REPORT

July 1, 2010 - December 31, 2010

(with comparative totals for the first six months of the two prior fiscal years)

Fiscal Year 2011				Fiscal Year 2010		Fiscal Year 2009	
Budget	Revised Budget	July 1, 2010 - Dec. 31, 2010		July 1, 2009 - Dec. 31, 2009	% Annual	July 1, 2008 - Dec. 31, 2008	% Annual
		YTD Revenue	% Budget				

Total State Revenue - Cherry Sheet

State Revenue - Other (School Building Auth.)

Transfers from Other Funds:

Fund Balance (Free Cash/Overlay Surplus)

TOTAL GENERAL FUND

Town of Wayland
General Fund - Expenditures - December 31, 2010
Departments and Boards by Category of Expense - Legal Compliance

ORIGINAL	TRANSFERS/ ADJUSTMENTS	REVISED	YTD EXPENDED	ENCUM- BERED	AVAILABLE	PCT USED
1220 Board of Selectmen						
EXPENSE						
TOTAL						
1230 Town Office						
SALARIES						
EXPENSE						
TOTAL						
1240 Personnel Board						
SALARIES						
EXPENSE						
TOTAL						
1350 Finance						
SALARIES						
EXPENSE						
TOTAL						
1410 ASSESSORS						
SALARIES						
EXPENSE						
TOTAL						
1450 TREASURER						
SALARIES						
EXPENSE						
TOTAL						
1510 TOWN COUNSEL						
EXPENSE						
TOTAL						
1550 INFORMATION TECHNOLOGY						
SALARIES						
EXPENSE						
TOTAL						
1610 TOWN CLERK						
SALARIES						
EXPENSE						
TOTAL						

General Fund - Expenditures - December 31, 2010

Appendix X.b

1960 SURFACE WATER QUALITY COMMISSION

Town of Wayland
General Fund - Expenditures - December 31, 2010
Departments and Boards by Category of Expense - Legal Compliance

EXPENSE	ORIGINAL	TRANSFERS/ ADJUSTMENTS	REVISED	YTD EXPENDED	ENCUM- BERED	AVAILABLE BUDGET	PCT USED
EXPENSE							
TOTAL							
1970 HISTORIC DISTRICT COMMISSION							
EXPENSE							
TOTAL							
1980 PUBLIC CEREMONIES							
EXPENSE							
TOTAL							
2100 POLICE							
TOTAL PERSONNEL SERVICES							
EXPENSE							
TOTAL							
2110 JOINT COMMUNICATIONS CTR							
TOTAL PERSONNEL SERVICES							
EXPENSE							
TOTAL							
ETC							

**Town of Wayland
Water Fund
12/31/2010 Budget to Actual**

Appendix X.c

	Budget	Transfers Adjustments	Revised Budget	Actual	% Collected
Revenue:					
Penalties and Interest					
Water Charges (Usage)					
Water Liens					
Water Capital Imp.: Charge					
Misc. Revenue					
Total Revenue					

Comments:

Town of Wayland
Water Fund
12/31/2010 Budget to Actual

Appendix X.d

	Budget	Transfers/Adj ustments	Revised Budget	Expended	Encumbered	Balance	% Expended
Expenditures:							
Personnel Services:							
Salaries							
Overtime							
Fringe Benefits							
Total Personnel Services							
Expenses:							
Contractual Services							
Professional Services							
Laboratory Testing Services							
Administrative Services							
Training and Education							
Building Repairs							
Natural Gas							
Electricity							
Telephone							
Sub-total Contractual Service							
Supplies							
Vehicle Gasoline							
Chemicals							
Uniforms							
Postage							
Small Equipment							
Sub-total Supplies							
Contingency							
Long term Debt - Principal							
Long term Debt - Interest							
Int. on Temporary Loans							
Sub-total Debt							
Total Water Expenses							

Comments:

**Town of Wayland
Wastewater Fund
12/31/2010 Budget to Actual**

Appendix X.e

	Budget	Transfers Adjustments	Revised Budget	Actual	% Collected
<i>Revenue:</i>					
Penalties and Interest					
Wastewater Charges (Usage)					
Liens					
Betterments					
Betterments Interest					
Interest Earned					
Total Revenue					
<i>Comments:</i>					

Town of Wayland

Appendix X.f

Wastewater Fund

12/31/2010 Budget to Actual

	Budget	Transfers Adjustments	Revised Budget	Expended	Encumbered	Balance	% Expended
Expenditures:							
Expenses:							
Professional Services							
Building Repairs							
Operating Expenses							
Sub-total Expense							
Debt Service:							
Long term Debt - Principal							
Long term Debt - Interest							
Int. on Temporary Loans							
Sub-total Debt							
Total Wastewater Expenses							
Comments:							

Capital Project Fund

Appendix X.g

Sample/Recommended (in lieu of "Bottom Line") recording on G.L.
Budget to Actual (since Project Inception)

Project: High School	ORIGINAL APPROP	TRANFERS/ ADJSTMTS	REVISED BUDGET	YTD EXPENDED	ENCUM- BERED	AVAILABLE BUDGET	PCT USED
<i>Sample Categories:</i>							
Legal							
Architect							
Site Remediation							
Structural Peer Review							
Construction Project Management							
General Contractor							
Insurance							
Moving Expense							
HVAC Commissioning							
Construction Materials Testing							
OPM Fees							
Haz mat Consulting							
Site Surveys/Borings							
Furnishings, Fixtures and Equipment							
Information Technology Equipment							
Classroom Furniture							
Contingency							
Total Expenditures							

Comments:

Appendix XI.

Government Finance Officers Association (GFOA) *Budget Standards*

Cite page references where information can be found in the operating budget in response to each question. Please give as specific a page reference as possible.

The Budget as a Policy Document (PD)

- PD1. The document should include a coherent statement of organization-wide financial and programmatic policies and goals that address long-term concerns and issues.
- Are goals or policies stated? _____
 - Are the goals organization-wide? _____
 - Do the policies address both financial _____ and programmatic (service delivery) concerns? _____
 - Do the policies cover a multi-year time frame? _____
- PD2. The document should describe the organization's short-term financial and operational policies that guide the development of the budget for the upcoming year.
- Are short-term policies stated? _____
 - Are the short-term policies financial _____ and are they operational? _____
 - Do the policies guide the development of the annual budget (*i.e., annual pay increases, fee changes, new positions, equipment replacement, program enhancements, new facilities*)? _____
- PD3. The document should include a coherent statement of goals and objectives of organizational units (e.g., departments, divisions, offices or programs).
- Do most of the entity's organizational units have long-term goals (descriptions of anticipated accomplishments as opposed to descriptions of functions and activities required by Operations Guide Criterion #1, *e.g., recycle 20% of community's solid waste stream*)? _____
 - Do most of the entity's organizational units have quantifiable short-term objectives listed (*e.g., open two new recycling drop-off centers by December 31, xxxx*)? _____
 - Are the units' goals linked to the overall goals of the organization? _____
- PD4. **Mandatory:** The document shall include a budget message that articulates priorities and issues for the budget for the new year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (e.g., transmittal letter, budget summary section).
- Does the message highlight the issues facing the governing body in developing the budget? _____
 - Does the message highlight the priorities set for the budget year and explain how they differ from those in the current year? _____
 - Is the message comprehensive enough to address all major funds and not only the general fund? _____
 - Does the message contain headings emphasizing highlights? _____

The Budget as a Financial Plan (FP)

- FP1. The document should include and describe all funds that are subject to appropriation.
- Are all funds appropriated by the organization included in the document? _____
 - Are all funds appropriated by the organization described in the document? _____
 - Is an overview of your fund structure contained in the document? _____
- FP2. **Mandatory:** The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization.
- Is a single consolidated overview that presents all resources and expenditures included in the document? _____
 - Does the overview present the major categories of revenues/sources and expenditures/uses (*i.e., revenues by major type and expenditures broken down by organization, category or character of expenditure*) for all funds? _____
- FP3. **Mandatory:** The document shall include summaries of revenues and other resources, and of expenditures for the prior year actual, current year budget and/or estimated current year actual, and proposed budget year.
- Are both revenues and expenditures for at least a three-year period (prior year actual, current year budget and/or estimate, and budget year projected) presented? _____
 - If yours is a biennial budget, are revenues and expenditures for at least a four-year period (at least one prior year actual, current year budget and/or estimate, and two budget years projected) presented? _____
- FP4. **Mandatory:** The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends.
- Are the major revenue sources for all funds (usually three to five major revenue sources account for the bulk of an entity's revenues, *e.g., a local option sales tax for a locality or landing fees for an aviation authority*) identified and described? _____
 - Are the assumptions underlying the revenue estimates for the budget year discussed (*e.g., what is the basis for each estimate – i.e., trend analysis, state-provided estimates, changes in the local economy, fee increases, etc.; does percent change information supplement the explanation of why a change is expected?*)? _____
 - Are revenue trends discussed (are they also enhanced with graphics)? _____
- FP5. **Mandatory:** The document shall include projected changes in fund balances, as defined by the entity in the document, for governmental funds included in the budget presentation, including all balances potentially available for appropriation.
- Are disclosure of changes in fund balances (to include beginning and ending fund balances) for all governmental funds, not just the general fund, provided? _____
 - Are fund balances disclosed even if they are required to be zero? _____
 - Is narrative discussion provided in the budget message or transmittal letter if fund balances are anticipated to decline over the upcoming budget year and are both short-term and long-term consequences addressed? If projected changes are material, the discussion should be mandatory. _____
- FP6. The document should include budgeted capital expenditures and a list of major capital projects for the budget year, whether authorized in the operating budget or in a separate capital budget.
- Are budgeted capital expenditures fully disclosed in the document? _____
 - Is there a specific listing of capital projects for which appropriations are made or required for the budget year? _____
 - Is a brief description provided for each major capital project? _____

- FP7. The document should describe if and to what extent capital improvements or other major capital spending will impact the entity's current and future operating budget. The focus is on reasonably quantifiable additional costs and savings (direct or indirect) or other service impacts that result from capital spending.
- Are current and/or future operating costs such as maintenance and staffing requirements associated with bringing new facilities on line (e.g., maintaining and staffing recreation programs for new parks, operating new schools, and maintenance and electricity for additional signalization of intersections) estimated and included? _____
 - Are savings associated with permanent fixes to long-term maintenance problems (e.g., replacing a roof that has required constant maintenance) or savings from replacements (e.g., replacement of street lights with long-life, energy-efficient bulbs) included? _____
 - Are the operating impacts and savings quantified? _____
- FP8. **Mandatory:** The document shall include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current and future operations.
- Is financial data on current debt obligations included in the document? _____
 - Is the relationship between current debt levels and legal debt limits described (requirement that a referendum be held before debt may be incurred is a form of legal debt limit)? _____
 - Are legal debt limits described and calculated (or if no legal debt limits exist, is that fact clearly stated)? _____
 - Is a description of your debt policy included? _____
- FP9. **Mandatory:** The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis.
- Is a definition of the *basis of budgeting* for each fund type included? _____
 - Is an explanation of the difference between the *basis of budgeting* and *basis of accounting* provided (if the *basis of budgeting* and *basis of accounting* are the same, is this fact clearly stated)? _____
 - For budgets which essentially follow the basis of accounting are exceptions (e.g., depreciation or compensated absences) noted? _____

The Budget as an Operations Guide (OG)

- OG1. **Mandatory:** The document shall describe activities, services or functions carried out by organizational units.
- Does the document clearly present the organizational units? _____
 - Does the document provide descriptions of each organizational unit (i.e., descriptions for divisions, departments, programs, etc.)? _____
- Note: The size or complexity of the entity dictates how far down in the organizational structure this information is presented?*
- OG2. The document should provide objective methods to measure progress toward accomplishing the government's mission as well as specific unit and program goals and objectives.
- Are performance data directly related to the stated goals and objectives of the organization? _____
 - Do performance measures focus on results and accomplishments (e.g. output measures, efficiency measures) rather than inputs (e.g. dollars spent)? _____
- OG3. **Mandatory:** The document shall include an organization chart(s) for the entire organization.
- Is a chart provided which shows the entire organization and its components? _____

- OG4. **Mandatory:** A schedule(s) or summary table(s) of personnel or position counts for prior, current and budgeted years shall be provided, including descriptions of significant changes in levels of staffing or reorganizations planned for the budget year.
- Is a summary table of personnel/position counts provided for the entire organization? _____
 - Is information presented for the three year period of prior year actual, current year estimate/budget and budget year projected? _____
 - Are significant changes in staffing levels or reorganizations for the budget year presented? _____

The Budget as a Communications Device (CD)

- CD1. The document should provide summary information, including an overview of significant budgetary issues, trends, and resource choices. Summary information should be presented within the budget document either in a separate section (*e.g., executive summary*) or integrated within the transmittal letter or other overview sections.
- Is summary information contained in the budget message/transmittal letter, overview section, or in a budget-in-brief document? _____
 - Is summary information on significant budgetary issues provided? _____
 - Is summary information on budgetary trends provided? _____
 - Is an overview of your fund structure contained in the document? _____
- CD2. The document should explain the effect, if any, of other planning processes (*e.g., strategic plans, long-range financial plans, capital improvement plans*) upon the budget and budget process.
- Are any other planning processes, *i.e., multi-year capital improvement plans, strategic plans, community "vision" statements, etc.*, identified? _____
 - Are the effects of these planning processes on the budget and the budget process explained? _____
- CD3. **Mandatory:** The document shall describe the process for preparing, reviewing and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption. If a separate capital budget process is used, a description of the process and its relationship to the operating budget should be provided.
- Is a description of the process used to develop, review and adopt the budget included in the document? _____
 - Is a budget calendar provided to supplement and not be a substitute for the narrative information on the budget process? _____
 - If a separate capital budget process is identified, is the process and its relationship to the operating budget described? _____
 - Is a discussion of how the budget is amended provided in the budget document distributed to the public? _____
- CD4. **Mandatory:** Charts and graphs shall be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident.
- Are charts and graphs used to convey essential information (*i.e., key policies, trends, choices and impacts*) in the document? _____
 - Are graphics integrated with narratives to illustrate the information contained in the narratives? _____

- CD5. The document should provide narrative, tables, schedules, cross-walks or matrices to show the relationship between different revenue and expenditure classifications (*e.g., funds, programs, organizational units*).
- Is the entity's fund structure explained or illustrated (*i.e., can the reader learn the relationship between functional units and the entity's financial structure*)? _____
 - Is revenue and expenditure information cross-classified into other formats such as by major revenue classifications across funds, or by major objects of expenditure across departments, or by funds across departments? _____
-
- CD6. **Mandatory:** The document shall include a table of contents to make it easy to locate information in the document
- Is a comprehensive table of contents provided to help the reader locate information in the document? _____
-
- CD7. A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understood by a reasonably informed reader.
- Is a glossary included which defines technical terms related to finance and accounting as well as terms related to organizations? _____
 - Are any acronyms used in the document defined in the glossary? _____
 - Is the glossary written in simple language for the non-technical reader to understand? _____
-
- CD8. The document should include statistical and supplemental data that describe the organization and the community or population it serves, and provide other pertinent background information related to the services provided.
- Is statistical information that defines the community such as demographics (*e.g., population, composition of population, land area, and average household income*) included in the document? _____
 - Is supplemental information such as information on the local economy (*e.g., major industries, agricultural products, transportation methods, employment, and building permits issued*) included in the document? _____
 - Is other pertinent information on your community such as its local history, maps, and service information such as number of fire stations, miles of paved and unpaved roads, number of schools by type, etc. included in the document? _____
-
- CD9. The document should be printed and formatted in such a way to enhance understanding and utility of the document to the lay reader. It should be attractive, consistent and oriented to the reader's needs.
- Is the document laid out where the page formats are consistent (so the reader doesn't need to study each page to understand what is being presented)? _____
 - Is the reader buried under minutia of interest only to the entity's staff? _____
 - Are charts and graphs laid out with sufficient explanation for the casual reader? _____
 - Are changes in type sizes and styles avoided (with the wide availability of clip art, graphics inconsistency in this regard has become more widespread)? _____
 - Does the use of graphics add to (rather than detract from) the overall presentation? _____

PLEASE NOTE:

- ♦ Outstanding ratings by all three reviewers on financial plan #6 and financial plan #7 and proficient ratings by all three reviewers on communications device #2 and communications device #3 will result in special capital recognition.
- ♦ Outstanding ratings by all three reviews on operations guide #2, outstanding ratings by at least two reviewers on policy document #3, and at least proficient ratings by all three reviewers on policy document #1 will result in special performance measures recognition.

Appendix XII.

Association of School Business Officers (ASBO)

Budget Standards



Association of School Business Officials International MERITORIOUS BUDGET AWARDS PROGRAM

ING

MBA Criteria Checklist

Name of Entity: _____ State/Province: _____ Date: _____

The purpose of the MBA Criteria Checklist is to ensure applicants have met the requirements of the MBA Award Program and the reviewers are able to locate examples in the budget document that meet the criteria.

When completing the MBA Criteria Checklist, please refer to the MBA Criteria Narrative which more fully explains the requirements.

A. GENERAL REQUIREMENTS	<u>APPLICANTS USE</u> List all pages of the budget Document where examples can be found.	<u>REVIEWERS USE</u> EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
1. The cover contains: <ul style="list-style-type: none"> • The title "Budget" • Budget year covered • Full name of the entity • City/County of the entity* • State/Province of the entity* • Country or other postal designation* • Website address of the entity if available *Provide City/County and State/Province that is used in the entity's formal address.		
2a. The document should be divided into major sections. <ul style="list-style-type: none"> • Sections should be easily identified with tabs or title pages. • Do not add any other major section divisions (minor separations within the major sections are okay). 		
2b. The pages of the document should be numbered consecutively from page 1 to the last page in the document.		
2c. A Table of Contents precedes the Introductory Section and should refer to the document pages with exactness.		
2d. The Table of Contents identifies all major sections.		

A. GENERAL REQUIREMENTS - Continued	<u>APPLICANTS USE</u> List all pages of the budget Document where examples can be found.	<u>REVIEWERS USE</u> EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
3. A cover letter identifies any information required by the criteria that is not relevant to the school entity. Applicants should expound on reasons that they are not including certain criteria in the budget document by including examples of the criteria that will not be provided.		
4. A response to the previous review team recommendations is provided by this school entity in a separate letter.		
5. The use of graphs and charts is used to enhance communication. Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident.		
6. The budget document should: <ul style="list-style-type: none"> • Be technically well prepared • Be easy to read • Flow in a logical sequence • Be clear and understandable in narration • Be free of spelling and grammar errors 	The entire budget document should meet this requirement of the Meritorious Budget Awards Program. Listing of page numbers is not necessary.	

REVIEWER'S COMMENTS:

B. INTRODUCTORY SECTION	FOR APPLICANTS USE ONLY List all pages of budget document where examples can be found:	FOR REVIEWERS USE ONLY EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
1a. The document includes an Executive Summary.		
1b. The Executive Summary is liftable (meaning the Executive Summary presents a comprehensive summary of required information from each section of the budget and could be presented separately from the budget document and still present a complete picture of the entity).		
1c. The Executive Summary tells the complete budget story in narrative, numeric and graphic form. The use of charts and graphs should be in all components of the Introductory Section.		
1d. The Executive Summary presents in an integrated and summary form the following components of the budget: (A) <u>The Organizational component</u> <ul style="list-style-type: none"> • Major goals and objectives • Budget process and timeline • Significant changes from the current year in the budget process and/or budget policies and underlying causes of those changes • Explanation of allocation of human and financial resources to achieve goals and objectives 		
(B) The Financial component <ul style="list-style-type: none"> • Summary of revenues and expenses/expenditures for all funds • Budget comparisons of at least the current year to the budget year for all funds • Discussion of significant trends, events and initiatives • Explanation of significant financial and demographic changes 		

B. INTRODUCTORY SECTION - Continued	FOR APPLICANTS USE ONLY List all pages of budget document where examples can be found:	FOR REVIEWERS USE ONLY EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
(C) The Informational component <ul style="list-style-type: none"> Budget forecast Student enrollment trends and forecasts Tax base and rate trends Personnel resource changes and reasons for changes Changes in debt of the school entity Performance results tied to expenditure per student in the state/province; 'academic efficiency' of dollars spent; federal, national, provincial governmental standards or other measures (e.g., NCLB or provincial averages of similar size districts) Add footnote or paragraph to show the link between student achievement and the budgeting process using NCLB or another state or provincial measurement as an example		
2. The document includes the Meritorious Budget Award certificate if received for the prior year.		
3. The document includes a listing of members of the School Board. The document includes a listing of first-level administrative personnel.		

REVIEWER'S COMMENTS:

C. ORGANIZATIONAL SECTION	APPLICANTS USE List all pages of budget document where examples can be found:	REVIEWERS USE EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
1. The document should provide an explanation of the school entity which includes the following: <ul style="list-style-type: none"> • Legal autonomy, fiscal independence/dependence • Level of education provided • Geographic area served • Number of students and number of schools • Number of funds and fund types and titles • Explanation of the classification of revenues/expenditures • Describe the basis of accounting for financial reporting. Include explanation of any significant difference between this basis and the measurement basis for budgeting 		
2. A discussion of significant budget and financial: <ul style="list-style-type: none"> • Policies • Procedures • Regulations which govern the budget process 		
3. An organizational chart, which includes the administrative staff by position or title		
4. A coherent statement of the mission of the school entity.		
5. The major goals and objectives for the school entity. <i>(If the cost of a goal or objective is significant and measurable, it is suggested that the cost be included.)</i>		
6. Describe the budget development process. Include the capital budget development process		
7. Describe the budget administration and management process.		

REVIEWER COMMENTS:

D. FINANCIAL SECTION	FOR APPLICANTS USE ONLY List all pages of budget document where examples can be found:	FOR REVIEWERS USE ONLY EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
<p>1. A presentation of the budgets includes:</p> <ul style="list-style-type: none"> • All governmental funds • All proprietary funds • Level of detail required by law or adopted by the governing body • Revenues by source • Expenditures by function and object <p><i>Optional: Budgets may also be presented by program, location and/or administrative unit.</i></p>		
<p>2. A pyramid approach should be used (summary of all funds, followed with the presentation of individual funds). Narrative or footnotes should be included to explain the data presented on this section's charts and graphs. Explain major shifts from current year.</p> <p><i>Optional: The presentation may be followed by program, location, and/or administrative unit budgets.</i></p>		
<p>3. The budget presentation includes:</p> <ul style="list-style-type: none"> • Fund balances • Revenues • Expenditures • Other financing sources/uses • The current year budget or estimated current year actual • The proposed budget year <p><i>The presentation of three prior years of actual data is preferred in the Financial Section. At the option of the preparer, the information may be presented in the Informational Section in a form and format, which is comparable to the current year and proposed year. The presentation of three projected years must be included in the Informational Section. No 5.</i></p>		
<p>4. The document should:</p> <ul style="list-style-type: none"> • Describe significant revenue sources and significant expenditure categories. • Explain underlying assumptions and significant trends for each major revenue source and major expenditure category. • Describe any significant changes in fund balances. • Should the budget forecast show declining fund balances, illustrate how the district plans on addressing these negative trends. <p><i>Some explanation of the state/local funding structure may be necessary.</i></p>		

D. FINANCIAL SECTION - Continued	FOR APPLICANTS USE ONLY List all pages of budget document where examples can be found:	FOR REVIEWERS USE ONLY EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
<p>5. The document should:</p> <ul style="list-style-type: none"> Describe budgeted capital expenditures Outline major capital projects for the budget year Indicate the fund that is used to account for capital expenditure projects Describe the total amount of the entity's capital improvement plan and indicate when the plan will start and when it will be completed. Disclose the funding source to address the plan and how it will affect the entity's current budget. <p><i>The focus should be on reasonably quantifiable additional costs and savings (direct and indirect) or other service impacts that result from capital spending.</i></p>		
<p>6. The document should:</p> <ul style="list-style-type: none"> Include financial data on current debt obligations Describe the relationship between current debt levels and legal debt limits Explain the effects of existing debt levels on current and future budgets 		
<p>7. The document should:</p> <ul style="list-style-type: none"> Disclose any budget items that were not approved for this budget year. Disclose the accrued obligation or retiree health insurance (if any) that Has been committed by the district. 		

REVIEWER'S COMMENTS:

E. INFORMATION SECTION	FOR APPLICANTS USE ONLY List all pages of budget document where examples can be found:	FOR REVIEWERS USE ONLY EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
1. Present the assessed value of taxable property and the market value of taxable property for: <ul style="list-style-type: none"> • A minimum of three years actual • The current year budget and/or estimated current year actual • The proposed budget year 		
2. Include property tax rates and collections for: <ul style="list-style-type: none"> • A minimum of three years actual • The current year budget and/or estimated current year actual • The proposed budget year <i>Describe whether the tax rate is per \$100 of taxable value or on some other form of rate</i>		
3. Include an analysis of the budget's effect on average taxpayers for: <ul style="list-style-type: none"> • A minimum of three years actual • The current year budget and/or estimated current year actual • The proposed budget year 		
4. The document should provide a: <ul style="list-style-type: none"> • Five-year summary comparison of revenues and expenditures (three prior years actual, current year budget and/or estimated actual, and the proposed budget year. If the three prior years actual data is presented in the Financial Section, this presentation is not required.) All years must be presented in a comparable form and format, whether presented in the Financial or Informational Section. Five-year summary should be presented for all governmental funds. (Presentation of similar data for other funds is optional.)		

E. INFORMATION SECTION - Continued	FOR APPLICANTS USE ONLY List all pages of budget document where examples can be found:	FOR REVIEWERS USE ONLY EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
5. Present a minimum of three years of budget forecasts beyond the proposed budget year. <ul style="list-style-type: none"> • Include beginning and ending fund balance • Revenue • Expenditures <i>The three years of budget forecasts is for each governmental fund. Forecasts for other funds are optional.</i>		
6. The document should present: <ul style="list-style-type: none"> • A minimum of three years of actual student enrollment history by school • Current budget and/or estimated current year enrollment • Proposed budget year enrollment • A minimum of three years of enrollment projections Forecasting methodology and techniques		
7. Present personnel resource allocations for: <ul style="list-style-type: none"> • A minimum of three prior years actual • The current year budget and/or estimated current year actual The proposed budget year		
8. Include the bond amortization schedule(s) of the school entity.		
9. Provide performance measures for three prior years. <ul style="list-style-type: none"> • Standardized test scores • Drop-out rates • Accomplishment of goals and objectives • Parent/student satisfaction surveys • Other performance measures 		

E. INFORMATION SECTION - Continued	FOR APPLICANTS USE ONLY List all pages of budget document where examples can be found:	FOR REVIEWERS USE ONLY EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
10. Include other information to help the reader understand the past and future directions of the school entity		
11. Include a glossary of terms		

REVIEWER'S COMMENTS:

SUMMARY OF CRITERIA	FOR REVIEWERS USE ONLY EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
A. GENERAL REQUIREMENTS	
B. INTRODUCTORY SECTION	
C. ORGANIZATIONAL SECTION	
D. FINANCIAL SECTION	
E. INFORMATIONAL SECTION	
BUDGET PRESENTATION	

REVIEWER COMMENTS:

REVIEWER AWARD CONCLUSION: (FOR REVIEWERS USE ONLY)

Award Meritorious Budget Award <input type="checkbox"/>	Deny Meritorious Budget Award <input type="checkbox"/>
Signature of Reviewer	Date