NORTH THURSTON PUBLIC SCHOOLS

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EXECUTIVE LIMITATIONS MONITORING REPORT

EL -3 FINANCIAL CONDITION

FROM: Dr. Debra Clemens, Superintendent
DATE: February 6th, 2024

The Financial Condition Policy focuses on the actual, ongoing financial condition of North Thurston Public Schools.

Financial Condition:
Accordingly, the Superintendent shall not cause or allow the development of unreasonable financial risk or a material deviation of actual expenditures from Board Priorities:

Policy Criteria 1: Expend more funds in a fiscal year than have been budgeted in that fiscal year.

Superintendent/CEO Interpretation:
The district will not approve expenditures beyond the capacity for the expenditures built in the budget at any time. When revenues exceed the amount estimated in the budget or expenditures are needed beyond what the original adopted budget allows, the district will bring a resolution for a Budget Extension prior to allowing the spending beyond the original budget.

Superintendent/CEO Evidence Report:
We believe we have met the expectations outlined in Executive Limitations Policy EL-2, Criteria 1.

- The district provides the Board of Directors Budget Status reports for each of the five funds along with cash balance updates.
- The Budget Status report provides month and year to date revenues and expenditures in comparison to the approved the budget.
- We monitor our monthly expenses in Skyward, Forecast 5, and Excel spreadsheets showing percent of budget used and use historical data as trends to ensure we are on track and not expecting to spend more than budgeted.
- If the district was to receive more revenue than budgeted and hence have more expenses than budgeted, we would bring forward a Budget Extension Resolution for Board approval.

Policy Criteria 2: Make a single purchase or commitment of greater than current state bid law minimum amount (Policy 6220) without Board approval.

Superintendent/CEO Interpretation:
The District will follow all bid law requirements for local, state and federal expenditures as stated in policy 6220.

Superintendent/CEO Evidence Report:
We believe we have met the expectations outlined in Executive Limitations Policy EL-2, Criteria 2.

- The district follows our policy 6220, Bid Requirements, on all purchases meeting the thresholds stated in the policy.
- We review all purchase orders and contracts to ensure compliance for local, state, and federal purchasing regulations.
- The district will go out for public bid whenever thresholds are met or will purchase from a cooperative with a competitively bid contract.
- During the annual audits our purchasing practices are reviewed, and we have been deemed to be in compliance.

Policy Criteria 4: Operate without maintaining financial resources of at least 6% of the total approved expenditure budget.

Superintendent/CEO Interpretation:
The Board of Directors approves a comprehensive budget each year, which includes and ending fund balance reserve of the required 6% minimum in the General Fund. The approved budget sets the financial limit for spending each fiscal year.

Superintendent/CEO Evidence Report:
We believe we have met the expectations outlined in Executive Limitations Policy EL-2, Criteria 4.

- The current approved 2023-24 budget includes a 6% reserve of fund balance.
- Each month we evaluate revenue and expenses on the budget status report to ensure we are within the expected percentage of the remaining budget.
- If at any time during the year, collection of revenues or expenses were causing the district to go below the 6% reserve in fund balance at year end we would bring it forward to the Board for review.

Conclusion:
The Superintendent evidence stated above demonstrates that we are in compliance with Executive Limitations Policy 3 – Financial Condition.