



Shorewood
SCHOOL DISTRICT

**Operational Expectations Monitoring Document
OE-5 Financial Planning, Administration & Asset Protection**

Certification of the Superintendent: *With respect to Operational Expectation 5 (Financial Planning), taken as a whole, the superintendent certifies that the proceeding information is accurate and complete, and is:*

In Compliance
 In Compliance with Noted Exceptions
 Not in Compliance

Signed: Laurie Burgos, Superintendent **Date:** December 10, 2024

Executive Summary

This compliance report highlights significant progress in financial planning, administration, and asset protection within the Shorewood School District. Key accomplishments include ongoing efforts to strengthen the District's financial position and implement long-range strategies for sustainability. Notably, the District is now operating with a fund balance within the recommended range, a critical milestone in fiscal health. Community engagement initiatives, such as the "Let's Talk About Budgets" sessions and community-wide budget prioritization sessions, increased transparency and strengthened trust with stakeholders, while promoting the alignment of financial decisions with community priorities.

Operationally, the District made significant strides in improving internal processes. The implementation of new cash management procedures has minimized the risk of financial loss, while a comprehensive set of purchasing procedures now provides school ordering officers with a clear guide, enhancing consistency and compliance. Additionally, internal stability in the Business Services Office, with most staff now in their second or third year or beyond, has shifted the focus from foundational learning to refining operations. These advancements reflect the district's dedication to responsible financial stewardship, operational efficiency, and collaborative governance in support of its long-term goals.

Disposition of the Board: *With respect to Operational Expectation 5 (Financial Planning), the Board:*

Accepts the report as fully compliant
 Accepts the report as compliant with noted exceptions
 Finds the report to be noncompliant

Summary statement/motion of the Board:

Signed: Emily Berry, Board President

Date: December 10, 2024

OE-5 Financial Planning

The Superintendent shall develop and maintain a fiscally responsible multi-year financial plan that reflects the Board's Results priorities and Operational Expectations.

Superintendent Interpretation:

- *Multi-year financial plan* shall mean a budget that balances revenues and expenditures for at least two years, including capital improvements;
- *Fiscally responsible* shall mean the expenditures do not exceed revenues and result in a balanced budget.

OE 5.1.

The Superintendent will develop a budget that takes into account the District's long-term fiscal soundness and strategic plan.

Superintendent:

Compliant
Compliant with noted exceptions ___
Not compliant ___

Board:

Compliant ___
Compliant with noted exceptions ___
Not compliant ___

Superintendent Interpretation:

- The Board will understand the relationship between the budget and the strategic plan. Budget presentations to the Board will explicitly outline how budgeted funds are allocated to support the Board's priorities and goals identified in the strategic plan.

Board Indicator 1

Each year the District delivers to the Board a budget development summary, segregated by fund and object that clearly indicates each source of revenue, and the purpose of each expense, as required by the Wisconsin Department of Public Instruction (DPI).

Superintendent:

Compliant
Compliant with noted exceptions ___
Not compliant ___

Board:

Compliant ___
Compliant with noted exceptions ___
Not compliant ___

Evidence:

The budget presented for the Annual Meeting in August and the budget adoption in October 2024 is in the format as required by DPI for publication and recommended by DPI for adoption.

Board Comments:

Board Indicator 2

The District delivers a budget for approval during the Annual Meeting as required by the DPI. This format reports three years of activity, the prior year audited activity, the current year "unaudited," and the upcoming "proposed" fiscal year budget.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

Budget presented at the Annual Meeting / Budget Hearing complied with the requirements as specified by DPI.

Board Comments:**OE-5.2**

The Superintendent will develop a budget that discloses budget-planning assumptions and budget balancing strategies.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Superintendent Interpretation:

- *Budget planning assumptions and budget balancing strategies* shall mean factors considered and assumed in drafting the budget (e.g. enrollment, staffing levels, changes in state funding).

Board Indicator 1

As the budget is developed for the upcoming fiscal year, the administrative team compiles a list of all assumptions used in the budget development, detailed in an impact statement. Budget assumptions are shared with the Board during the preliminary budget presentation, again at the annual meeting, and when the final budget is approved in October.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

Budget assumptions were presented to the Board at multiple stages of budget development, including during the preliminary budget presentation, annual meeting, and original budget presentation. These assumptions were refined and developed as new information became available.

Board Comments:

Board Indicator 2:

The Superintendent will develop a budget that reflects anticipated changes in staffing, employee compensation and benefits adjustments and indicate how changes are being applied to all employee groups.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

Compensation changes were included in the budget assumptions presented to the Board. In addition, changes to staffing were presented as part of the budget balancing strategies in April 2024.

Board Comments:**OE-5.3**

The Superintendent will develop a budget that ensures fiscal soundness in future years.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Superintendent Interpretation

- *Fiscal soundness* shall mean the ability of the District to meet cash flow requirements on a daily basis without incurring excessive short term financing or debt; and
- *Future years* shall mean the current and subsequent fiscal year.

Board Indicator 1

The Superintendent submits a balanced budget to the Board for approval.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

The District presented the Board with a balanced budget.

Board Comments:**Board Indicator 2**

Any budget items or assumptions that are projected to leave the district fund balance at less than 10% of the District's annual operating budget are understood and approved by the Board as part of the full budget.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

The proposed and approved original budget projects a year-end fund balance of 36% of the preceding year's expenditures, which exceeds the minimum balance of 10% per board policy.

Board Comments:**Board Indicator 3**

The budget shall include a 5-year forecast of trends in budget projection enrollment, expenses and revenue expenses.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

The District presented a five-year financial forecast that included enrollment, revenue, and expense assumptions at the March 12, 2024 board meeting. Enrollment projections were also reviewed with the Board at the January 23, 2024 meeting.

Board Comments:**OE 5.4**

The Superintendent will ensure that all purchases are made in accordance with the District purchasing policy.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Board Indicator 1:

The Superintendent has obtained multiple price quotations for purchases of \$10,000 or higher, except in emergencies and in cases where price negotiations would not result in a savings to the District.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

The District solicits quotes for single items costing in excess of \$10,000. When purchasing an item with a cost exceeding \$10,000, the purchaser obtains three quotes. These are attached to the purchase order (as verified by the Accounts Payable Manager) for purposes of verification and records maintenance.

Board Comments:

Board Indicator 2:

Purchase of and contract for projects will be subject to a competitive bid process as and when required by law. All competitively bid purchases of supplies, materials, or equipment in the amount of \$20,000 or more are awarded to the lowest responsible qualified vendor, taking into consideration the quality of materials and services desired and other project and District needs. The District awards bids according to a bid matrix.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

The District follows the District policy of soliciting competitive bids when required by law. In 2023-2024, the District solicited competitive bids for our printer and copier leases as well as for multiple building repair projects.

Board Comments:**Board Indicator 3:**

The District demonstrates its commitment to equity and to supporting our local businesses by awarding bids to businesses that meet Disadvantaged Business Enterprise (DBE)* or similar certification requirements and to local bidders.

*DBE is a federal designation for small, for-profit business concerns with majority ownership from socially and economically disadvantaged individuals.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

The District bid process includes questions about DBE status as well as commitment to workforce diversity when a formal RFP is completed. The District seeks to utilize minority-owned or local vendors when possible and includes this as a variable when evaluating competitive proposals.

Board Comments:**OE 5.5**

The District shall track and collect fees due from students' caregivers.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Superintendent Interpretation:

- *Fees due from students' caregivers* shall mean any fees due in exchange for participation in school activities or from food service.

Board Indicator 1 Uncollected funds are reported to the Board at least annually.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___
Evidence: A report of uncollected fees is included as an attachment to this report. A total of \$12,437.08 in 2023-2024 school fees remain unpaid as of 12/2/24, representing 8% of all resale and activity fees collected. Course and materials fees comprise the largest percentage of the total (45%). Notably, while athletics comprised 33% of unpaid fees in FY23, that percentage was reduced to 10% in FY24. Fees are owed by 189 unique students, with an average per student outstanding amount of \$66. 44 students with balances greater than \$100 are responsible for 60% of unpaid fees. An additional \$13,682.20 in lunch overdrafts were also due as of the end of the 2023-2024 school year. Balances less than \$3 and balances owed by former employees, which altogether totalled \$394.28, were written off at the end of the year. All other unpaid lunch and school fees were carried over to the current school year and the District continues efforts to collect payment. Caregivers have received a written statement as well as bi-weekly reminders.	
Board Comments:	

OE 5.6 The Superintendent will keep complete and accurate financial records by funds and accounts in accordance with Generally Accepted Accounting Principles.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___

Superintendent Interpretation

- *Keep complete and accurate financial records* shall mean the District will account for all financial resources and expenditures per the Financial Policies and Procedures account structure and report to the public using Generally Accepted Accounting Principles;
- *Generally Accepted Accounting Principles* shall mean guidelines and standards for public school district financial reporting provided by the Federal Accounting Standards Board.

Board Indicator 1 The District hires an independent financial auditor and the outcome of the annual audit is presented to the Board.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___
Evidence: The District engaged Clifton, Larson, Allen LLP to complete an annual audit of the District's financials for	

fiscal year 2023 (FY23) and fiscal year 2024 (FY24). The FY23 audit results were presented to the Board on February 13, 2023 and the FY24 results will be presented in January 2025.

Board Comments:

Board Indicator 2

The independent financial auditors express an "unqualified opinion" on the basic financial statements and conformity with accounting principles generally accepted in the United States of America.

Superintendent:

Compliant
Compliant with noted exceptions ___
Not compliant ___

Evidence:

Audited financial statements for FY23, FY24 and all prior years have received the unqualified opinion.

Board Comments:

Board Indicator 3

The District is in conformity with the financial reporting and audit process required by the DPI to ensure compliance with budgetary, accounting and reporting requirements.

Superintendent:

Compliant
Compliant with noted exceptions ___
Not compliant ___

Board:

Compliant ___
Compliant with noted exceptions ___
Not compliant ___

Evidence:

Auditors follow all DPI audit guidelines and assure District compliance with federal grant monitoring standards. Financial statements filed with the DPI are in compliance with regulatory standards. Auditors also verify these financial statements.

Board Comments:

OE-5.7

The District shall record actual revenues and expenses throughout the year on a timely basis.

Superintendent:

Compliant
Compliant with noted exceptions ___
Not compliant ___

Board:

Compliant ___
Compliant with noted exceptions ___
Not compliant ___

Superintendent Interpretation:

- *Record actual revenues and expenses* shall mean keeping accurate records of the processing of financial transactions.
- *Timely basis* shall mean at least quarterly, and with regular frequency.

Board Indicator 1

The Board receives regular reports of District financial transactions.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

On a monthly basis, the District provides the Board with financial statements including a balance sheet, statement of activities, cash receipts and check register. In addition, the District prepares a set of financial dashboards for the Board on a monthly basis.

Board Comments:**Board Indicator 2**

The Board is informed of any inter-fund transfers.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

Inter-fund transfers are included on the monthly financial reports and in the year-end statements.

Board Comments:**Board Indicator 3**

The Superintendent presents the final revenue and expenditures for the fiscal year and compares it to the approved budget.

Superintendent:

Compliant
 Compliant with noted exceptions ___
 Not compliant ___

Board:

Compliant ___
 Compliant with noted exceptions ___
 Not compliant ___

Evidence:

The year-end financial statements are summarized in the August financial report. A year-end budget monitoring report is also attached to this report.

Board Comments:**OE-5.8**

The Superintendent will develop procedures and controls to safeguard District funds and prevent financial mismanagement.

Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___

Superintendent Interpretation

- *Develop procedures and controls* shall mean processes that provide multiple checks by different people; and
- *Safeguard District funds and prevent financial mismanagement* shall mean protect from fraud.

Board Indicator 1 The Superintendent ensures segregation of duties and responsibilities in the Business Services Office.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___
Evidence: To the degree possible, segregation of duties will be enforced by the Director of Business Services. The annual financial audit includes a review of practices by the independent auditors.	
Board Comments:	

Board Indicator 2: The Superintendent has processes and procedures in place to safeguard receipt of funds and disbursement, including wire transfers.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___
Evidence: Banking processes require “positive pay” and dual approval of wire transfers.	
Board Comments:	

OE-5.9 The Superintendent may not allow facilities and equipment to be subject to improper use or insufficient maintenance.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___

Superintendent Interpretation

- *Facilities and equipment* shall mean assets in excess of \$5,000.00 original cost;

- *Improper use* shall mean Inappropriate operation or treatment, or utilization in a manner or for a purpose contrary to what was intended; and
- *Insufficient maintenance* shall mean inadequate repair, cleaning, inspection, or upkeep as recommended by manufacturers' specifications.

Board Indicator 1	
No person is injured in one of the District's facilities or when using District equipment as a result of insufficient maintenance of the facility or equipment.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___
Evidence: No workplace injuries were found to be due to insufficient maintenance of facilities or equipment.	
Board Comments:	

Board Indicator 2	
The District maintains and adheres to a long-range capital preventive maintenance plan to help guide the prioritization of Capital Maintenance Fund allocations.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___
Evidence: The District maintains a 10-year capital maintenance plan that is reviewed annually as part of the capital planning process. This plan was presented to the Board along with a corresponding financial plan on April 23, 2024.	
Board Comments:	

OE-5.10	
The Superintendent may not invest District funds in financial instruments that are not secured or that are not authorized by law.	
Superintendent: Compliant <input checked="" type="checkbox"/> Compliant with noted exceptions ___ Not compliant ___	Board: Compliant ___ Compliant with noted exceptions ___ Not compliant ___

Superintendent Interpretation

- *District Funds* shall mean District-owned assets, cash or capital; and
- *Invest* shall mean the commitment of district money or capital to the purchase of financial instruments or other assets so as to gain profitable returns in the form of interest, income, dividend, or appreciation of the value of the instrument.

Board Indicator 1

The District has only deposited funds with entities authorized in accordance with the District's investment policy.

Superintendent:Compliant

Compliant with noted exceptions ___

Not compliant ___

Board:

Compliant ___

Compliant with noted exceptions ___

Not compliant ___

Evidence:

All investments, made through PMA Network, are in compliance with law and District policy.

Board Comments:

OE 5 Financial Management & Administration

Revised and Adopted: December 13, 2022