PUBLIC NOTICE

Shorewood School District

SCHOOL BOARD TOWN HALL MEETING

December 20, 2022 at 5:30 PM

Shorewood High School Library Media Center (LMC)

I. **5:30 pm CALL TO ORDER**
   I.A. Adopt the Agenda (GC2)
   I.B. Overarching Result for Shorewood School District (R1)
   Our students are leaders who challenge themselves to grow and achieve academically, pursue their passions, navigate change, learn continuously and contribute to the common good.

II. **5:35 pm PUBLIC COMMENTS #1 (GC3)**
Initiate and maintain effective communication with the citizens and other important stakeholder groups as a means to engage them in the work of the Board and the District.

III. **5:50 pm BOARD BUSINESS AND POSSIBLE BOARD ACTION**
   III.A. Discussion of April 2023 Operating Referendum
   III.B. Review and Adoption of Changes to OE5 (Financial Management & Administration) Operational Expectations Monitoring Report
   III.C. Approval of OE 5 (Financial Management & Administration) Operational Expectations Monitoring Report

IV. **6:45 pm BOARD CONSENT AGENDA (GC2)**
   IV.A. Approval of December 13, 2022 Board Meeting Minutes

V. **6:50 pm PUBLIC COMMENT #2 (GC3)**
Initiate and maintain effective communication with the citizens and other important stakeholder groups as a means to engage them in the work of the Board and the District.

VI. **7:05 pm REVIEW OF 'TO DO' ITEMS**

VII. **7:10 pm FUTURE AGENDA ITEMS**

VIII. **7:15 pm RECESS AND DEBRIEF**

EXECUTIVE SUMMARY
FOR THE SHOREWOOD SCHOOL BOARD

Topic: Operating Referendum Parameters
Date: December 20, 2022
Prepared by: Heather Heaviland

___ Information only
_X_ Presentation/discussion
___ Discussion/action by board of education
___ Presentation/action next meeting

Purpose: To provide members of the School Board with information needed in order to set parameters and determine ballot language for an operating referendum.

Background: At the December 13, 2022 school board meeting, the District presented results of the operating referendum work group. These results included a recommendation to pursue a 5-year, non-recurring operating referendum in the amount of approximately $5M. After discussion and review of potential scenarios, the Board agreed with the committee's recommendation and further agreed that the referendum should be pursued for the April 2023 ballot. Prior to finalizing an amount, the Board requested that the District conduct further analysis and present models that put the District in a stronger financial position in five years than we are currently, and to consider a larger dollar amount of $6M per year.

Revised Scenarios:

The District prepared two new scenarios for the Board's consideration. Following from the Board's request that the referendum put the District in a stronger financial position, the District sought to achieve two goals with the scenarios:

1) Achieve a fund balance of at least 25% of operating expenses in the fifth year of the referendum; and,
2) Maintain positive operating balances in each of the projected five years.

Financial Impact

In order to achieve that goal, the new scenarios include reductions to expenses up to the level required to meet these goals. The $5M scenario requires the 2023-24 budget to be reduced by approximately $1.3M and achieves a fund balance of 24% in 2028. The $6M scenario requires less reductions, due to the higher amount and leads to a potential higher fund balance in five years, but creates a larger fiscal cliff for “year six.”

Shorewood
SCHOOL DISTRICT

Operating Referendum Parameters
Board of School Directors

December 20th, 2022

Heather Heaviland
Director of Business Services

Agenda

- Parameters to Confirm and Determine
  - Number of Years
  - Recurring vs Non
  - Dollar Amount by Year
- Revised Scenarios
- Ballot Item Language
- Next Steps

Confirmed Parameters

- ➔ Non-Recurring
- ➔ 5 Year Duration

To Be Determined Tonight

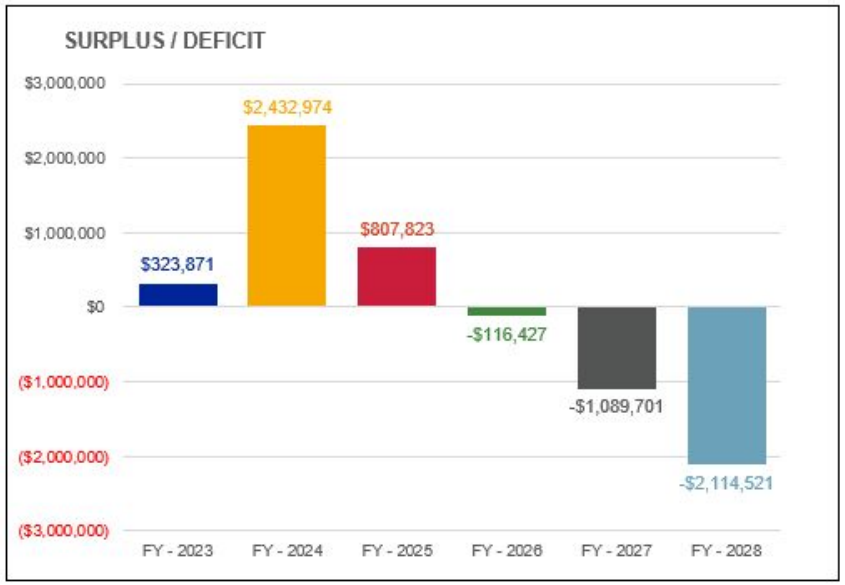
- ➔ Dollar Amount

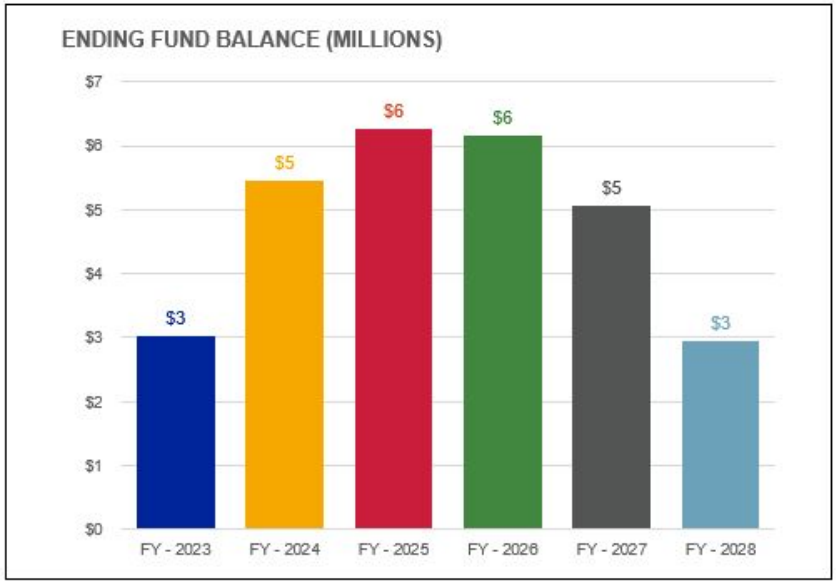
Revised Scenarios

Proposed Goals

- ➔ Fund Balance at least 25% of operating expenses in 2028
- ➔ Minimally, breaking even in all projected years

Original Scenario: April 2023 - $5M



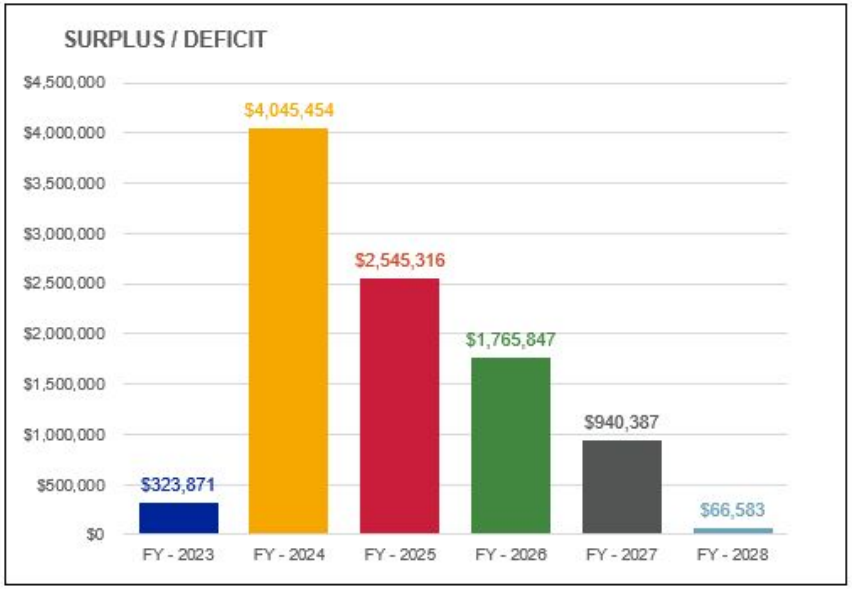


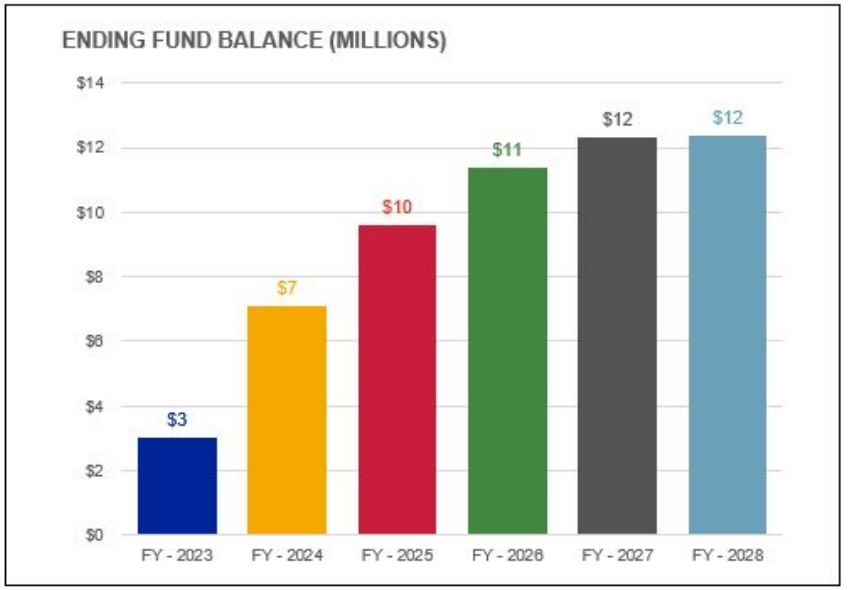
Projections:
FY23 Fund Balance Percentage: 11.18%
FY28 Fund Balance Percentage: 8.88%

Revised Scenario Assumptions

- Same as 12/13 Scenario Except:
  - Revenue growth through additional enrollment
    - 20 additional open enrollment in FY24, 10 additional each year from either open enrollment or resident enrollment
  - $1.3M in expense reductions in 2023-24
    - Primarily salaries and benefits (necessary to achieve ongoing expenses management)
    - Contracts reduced
      - Reliance on donors to fund supplementary programming and special initiatives

Revised $5M Scenario



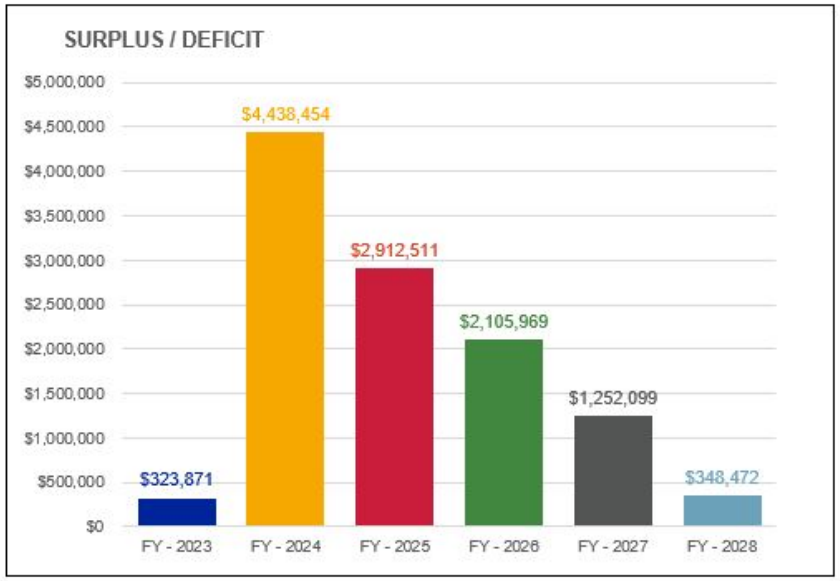


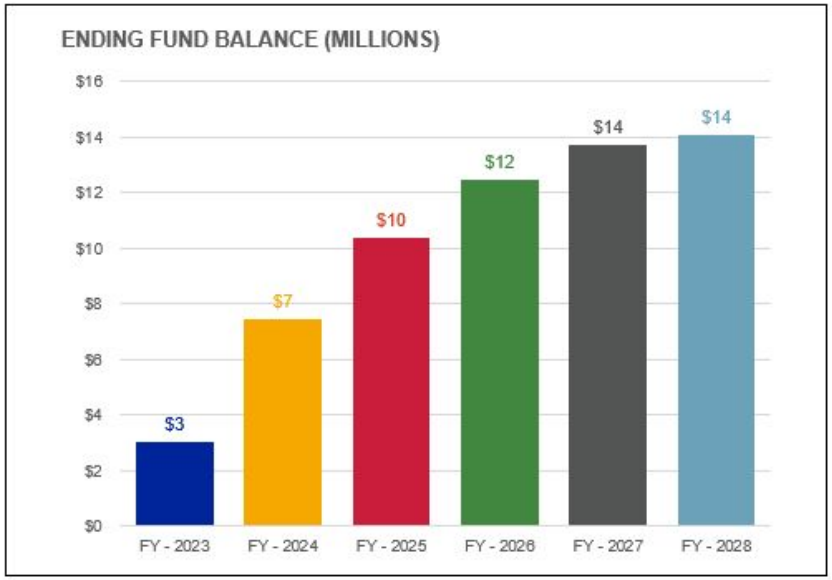
Projections:
FY23 Fund Balance Percentage: 11.18%
FY28 Fund Balance Percentage: 33.66%

What if We Went to $6M?

- Assuming it had an equal likelihood of passage, a $6M per year/$30M overall referendum would reduce the magnitude of reductions needed in order to meet baseline goals
  - Approximately $600K fewer expenditure reductions

$6M Scenario





Projections:
FY23 Fund Balance Percentage: 11.18%
FY28 Fund Balance Percentage: 43.7%

Estimated Property Tax Impact

If the aggregate value of Shorewood property stays static for the next year (for discussion purposes):

For every $100,000 of home value, property taxes would increase by $95 per year in the $5M Scenario and $155 per year in the $6M Scenario.

$300K Home Value = +$285 in the $5M Scenario

$300K Home Value = +$464 in the $6M Scenario

Future years are projected to stay static or decrease, but may increase if state education funding increases more than expected

Pros and Cons of $6M vs $5M

- Pros
  - Fewer reductions in FY24
  - Larger ending fund balance
- Cons
  - Larger fiscal cliff
  - Bigger impact on property taxes

Sample Ballot

Ballot Language

- Parameters
  - Cannot Discuss the “Why”
  - Needs to specify amount, years, whether recurring or non and the purpose.
  - Must be able to tie the purpose to that actual use

Official Referendum Ballot

April 4, 2023

Notice to Voters: If you are voting on Election Day, your ballot must be initialed by two election inspectors. If you are voting absentee, your ballot must be initialed by the municipal clerk or deputy clerk. Your ballot may not be counted without initials. (See end of ballot for initials).

If you make a mistake on your ballot or have a question, ask an election inspector for help. (Absentee voters: contact your municipal clerk).

To vote in favor of a question, make an "X" or other mark in the square next to "Yes," like this: ☒

To vote against a question, make an "X" or other mark in the square next to "No," like this: ☒

School District

Question: Shall the Shorewood School District, Milwaukee County, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by $_____ per year beginning with the 2023-2024 school year and ending with the 2027-2028 school year, for non-recurring purposes consisting of operational and maintenance expenses?

Yes

No

SAMPLE

Sample Ballot Language

Shall the School District of Shorewood, Milwaukee County, Wisconsin, be authorized to exceed the revenue limit specific in Section 121.91, Wisconsin Statutes, by $____ per year beginning with the 2023-2024 school year and ending with the 2027-2028 school year, for non-recurring purposes consisting of operational and maintenance expenses, including salaries, benefits, and instructional and extra-curricular programming?

Discussion and Finalization of Ballot Language (subject to legal review)

Baseline Assumptions

- Flat enrollment
- $100 per year revenue limit increase
- 2% annual state aid increase
- 3% annual salary increase, inclusive of all salary schedule changes
- Increased cost for fixed expenses, esp health care
- Restoration of school and department budgets cut in 22-23
- Maintain current student programming and services
- Maintain buildings and technology

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: _____, Interim Superintendent Date: _____

Executive Summary

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: _____, Board President Date: _____

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:	
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:	
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:	
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:	
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:	
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:
Board Comments:

Board Indicator 3 The budget shall include a 5-year forecasts 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:	
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:	
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:	
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:	
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 __ Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence:	
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 __ 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 __ Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence:	
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:	
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 __	
Evidence:	
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:	
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:	
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:	
Board Comments:	

OE-5.8
The Superintendent will develop procedures and controls to safeguard District funds and prevent financial mismanagement.

Superintendent: Compliant __ 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 s*hall mean protect from fraud.

Board Indicator 1 The Superintendent ensures segregation of duties and responsibilities in the Business office.	
Superintendent: Compliant __ Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence:	
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 __ Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence:	
Board Comments:	

OE-5.9 **The Superintendent may not allow facilities and equipment to be subject to improper use or insufficient maintenance.**	
Superintendent:	**Board:**

Compliant __ Compliant with noted exceptions __ Not compliant __	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 __ Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence:	
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 __ Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence:	
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 __ 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:	
Board Comments:	

OE 5 Financial Management & Administration
Revised and Adopted: December 13, 2022

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:***

___X__In Compliance
_____ In Compliance with Noted Exceptions
_____ Not in Compliance

Signed: _____, Interim Superintendent **Date: December 13, 2022**

Executive Summary

School districts across Wisconsin are experiencing financial challenges as revenues have stayed static or even decreased while expenses have been escalating at an alarming rate. Shorewood School District has not been unaffected by these challenges and the 2021-2022 school year presented a challenging budget process. In navigating through this process, the District relied on budgetary practices initiated in 2020-2021 and further developed and cemented this past year. Delivering budgetary information to the School Board for review and feedback through a series of presentations was foremost in this process. The District sought to provide as much transparency as possible to the Board through a detailed review of financial projections, assumptions, and budget balancing strategies delivered through presentations conducted at multiple Board meetings through the winter and spring. In addition, the District engaged both the internal and external school communities through both a survey, sent broadly throughout the community, and multiple budget input sessions. Staff and community members had an opportunity to engage directly with District leadership in discussions of the District's current financial status and priorities for the upcoming budget year. While the ensuing budget reflected difficult decisions, the District was able to deliver a balanced budget that reflected multiple conversations and a thorough review of priorities from multiple perspectives. As we look ahead to future years, we will continue to refine these processes, but intend to follow a similar format and hope to continue to build a culture of clarity and transparency with respect to the District's financial recommendations.

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: _____, Board President **Date: _____**

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 X 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 X Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence: The budget presented for the Annual Meeting and the budget adoption in October 2022 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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	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 X 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 preliminary budget in May 2022.	
Board Comments:	

OE-5.3 **The Superintendent will develop a budget that ensures fiscal soundness in future years.**	
Superintendent: Compliant X 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 X 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 X	**Board:** Compliant __

Compliant with noted exceptions __ Not compliant __	Compliant with noted exceptions __ Not compliant __
Evidence: The proposed and approved original budget projects a year-end fund balance of 14% of the preceding year's expenditures, which is slightly over 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 X Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence: In March 2022, the District presented a five-year financial forecast that included enrollment, revenue, and expense assumptions and detailed the assumptions underlying each.	
Board Comments:	

OE 5.4
The Superintendent will ensure that all purchases are made in accordance with the District purchasing policy.

Superintendent: Compliant X 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 X 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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	Compliant __ Compliant with noted exceptions __ Not compliant __

Evidence:
The District follows the Neola policy of soliciting competitive bids when required by law. In 2021-2022, the District did not enter into any contractors for which a competitive bid process was required. When engaging contractors, the District does as a general rule secure multiple proposals when the service is offered by more than one entity, though it is not explicitly required by District policy.

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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	Compliant __ Compliant with noted exceptions __ Not compliant __

Evidence:
The District did not solicit any competitive bidding processes this past year that would award the opportunity to formally consider DBE status. The District has, however, sought to utilize minority-owned or local vendors when possible.

Board Comments:

OE 5.5
The District shall track and collect fees due from students' caregivers.

Superintendent:	**Board:**
Compliant __ Compliant with noted exceptions X Not compliant __	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 __ Compliant with noted exceptions __ Not compliant __	**Board:** Compliant __ Compliant with noted exceptions __ Not compliant __
Evidence: In 2021-2022, the District did not write off any unpaid lunch balances. Reporting on compliance regarding this new indicator will begin with the 2023-24 school year.	
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 X 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 X 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 both fiscal year 2021 (FY21) and fiscal year 2022 (FY22). The FY21 audit results were presented to the board in January 2022 and the FY22 results will be presented in January 2023.	

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 tX Compliant with noted exceptions __ Not compliant __	
Evidence: Audited financial statements for all prior years have received the unqualified opinion. The audit for the 2021-2022 year is not complete; it is expected to be in full compliance as in past years.	
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 X 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 X 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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	Compliant __ Compliant with noted exceptions __ Not compliant __

Evidence:
The year-end financial statement summary provided with the August monthly financial report includes a review of final revenue and expenses and provides a comparison to and explanation of divergences to budgeted amounts.

Board Comments:

OE-5.8
The Superintendent will develop procedures and controls to safeguard District funds and prevent financial mismanagement.

Superintendent:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	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 s*hall mean protect from fraud.

Board Indicator 1
The Superintendent ensures segregation of duties and responsibilities in the Business office.

Superintendent:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	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:	**Board:**
Compliant X Compliant with noted exceptions __ Not compliant __	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 X 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 X 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 X 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. While the focus this past year was on completion of the referendum projections, the upcoming year presents an opportunity for increased focus on long-range planning.	
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 X 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 X 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 board policy.	
Board Comments:	

OE 5 Financial Management & Administration
Revised and Adopted: December 13, 2022

SCHOOL DISTRICT OF SHOREWOOD
Board Meeting Minutes
Shorewood High School Library Media Center
December 13, 2022

Board Member Participation: Paru Shah, President
Emily Berry, Vice President
Ellen Eckman, Treasurer
Becky Freer, Clerk
Abby Fowler, Member
Bella Busby, Student Representative
Emmett Joslyn, Student Representative

District Staff Participation: JoAnn Sternke, Interim Superintendent
Heather Heaviland, Director of Business Services

I. 7:01 pm CALL TO ORDER
Motion to Adopt the Agenda
MOVED by Emily Berry and SECONDED by Ellen Eckman AYE: 5 NAY: 0

II. 7:05 pm STUDENT ACHIEVEMENT AND RESULTS
SIS Presentation: 8th Grades Social Studies U.S. Constitution Projects
Jasper Brown and Students

Introduction of Sean Strauss, Director of Buildings & Grounds and Recognition of Retiring Facilities Manager, Tony Seidita

III. 7:20 pm PUBLIC COMMENTS #1 - no comments

IV. 7:21 pm BOARD BUSINESS AND POSSIBLE BOARD ACTION
A. Superintendent Search Update, School Exec Connect
Approval of the School Exec Connect Superintendent Search Candidate Profile
MOVED by Ellen Eckman and SECONDED by Emily Berry AYE: 5 NAY: 0
B. Operating Referendum Work Group Report

Motion to Table Agenda Items: C. Review and Adoption of Changes to OE 5 (Financial Management & Administration) Operational Expectations Monitoring Report and
D. Approval of OE 5 (Financial Management & Administration Operational Expectations
MOVED by Emily Berry and SECONDED by Becky Freer AYE: 5 NAY: 0

V. 9:51 pm BOARD CONSENT AGENDA
Approval of November 29, 2022 Board Meeting Minutes

MOVED by Becky Freer and SECONDED by Ellen Eckman AYE: 5 NAY: 0

VII. 9:52 pm PUBLIC COMMENTS #2

Sarah McEneany	2616 East Jarvis
Amber Wichowsky	4065 North Prospect
Anne Conry	2614 East Newton

VIII. BOARD MEMBER REPORTS: SHS Building Leadership Linkage Minutes; SEED Foundation Board Meeting Notes

IX. 9:52 pm SUPERINTENDENT'S REPORT

IX. 10:03 pm SUPERINTENDENT'S CONSENT AGENDA
Approval of Monthly Financial Reports
MOVED by Ellen Eckman and SECONDED by Abby Fowler AYE: 5 NAY: 0

IX. 10:04 pm PUBLIC COMMENT #3

Dawn Blackmore	4240 North Ardmore

X. 10:05 pm REVIEW OF 'TO DO' ITEMS
Area referendum activity, Superintendent Search updates and interview schedule, enrollment & staffing update

XII. 10:08 pm FUTURE AGENDA ITEMS
Operating Referendum Ballot Item
OE 5 Board Adoption and District Presentation
ESSER Report
Board Linkages Review

XIII. 10:09 pm RECESS AND DEBRIEF