

BOARD POLICY EXPECTATION

With respect to execution of the budget and the actual, ongoing condition of the district's financial health, the Superintendent shall not cause or allow a material deviation from the annual budget, cause or allow any fiscal condition that is inconsistent with achieving the Board's Ends, or places the long-term financial health of the district in jeopardy.

CERTIFICATION

I hereby present my monitoring report on Executive Limitations Policy EL-4 "Business and Finance" in accordance with the monitoring schedule set forth in board policy. I certify that the information contained in this report is true as of May 15, 2018.

Dave Holmes, Superintendent

SUPERINTENDENT'S INTERPRETATION OF POLICY

I interpret this expectation regarding business and finance to mean the Board believes the district must be an excellent steward of the public's funds, materials, facilities and equipment. In general, the public provides a wide spectrum of resources to the district in order to meet all local, state and federal requirements in support of the students we serve. Using all resources wisely and consistently will increase the likelihood that that same wide spectrum of resources will continue and/or increase. This will give the district the capacity to maximize the opportunity students have to accomplish the expectations set forth in the Board's Ends Policies.

REPORT

There are nine specific areas described in this policy. The following will address each specific area of EL-4 as best as possible. I am writing this report specific to the work and challenges that have been addressed since I began my contract on July 1, 2016. The district has established many processes and policies over the years that have created a pattern of always meeting the expectations of the limitation. Almost all of those processes and procedures remain in place and have only been added to since my arrival. At the time of this report, I believe that the district is in compliance with the Board's expectations.

1. ***The superintendent shall not fail to develop a budget that is targeted to achieve the Board's Ends policies and meets all Board Executive Limitations policies.***

IN COMPLIANCE

Creating confident, self-reliant, life-long learners is at the heart of the district's ends policies. I have worked hard to develop a budget that is not only targeted at

student achievement around E-1 through 4, but is more transparent and accurate in detail. This transparency should give the board and other stakeholders more confidence in how their tax dollars are being spent. As was the case last year, due to delays at the state level, I am close to, but not currently able to complete a budget for the 2018-19 school year. As we wait for OSPI decisions and tools that will clarify our funding level, I continue to trim staffing levels and specific budget capacities. This work is intended to make us more efficient and to target our resources around student outcomes in EL-1 through 4.

2. ***The superintendent shall not expend more funds than anticipated to be received in the fiscal year unless authorized by the Board through utilization of available reserves or unless resources are made available through other legal means. IN COMPLIANCE***

The track record over the past many years relative to meeting or exceeding budget expectations is very strong and consistent. Over this current budget year, we are projected to increase our ending fund balance from \$1.63 mil. to approximately \$1.8 mil. This would indicate both effective and thrifty decision making around the current budget, but also show a pattern of conservative spending and budgeting. I feel very confident in the three budget related resolutions that the board passed last year that gives further direction in prioritizing both budget expenditures and improving the ending fund balance for the district. These resolutions were cited by both the auditors and the counsel for our Moody rating as appropriate and forward-thinking.

3. ***The superintendent shall not fail to ensure that adequate fiscal controls and procedures are in place to meet appropriate financial safeguards and auditor requirements. IN COMPLIANCE***

This is an area that I and the staff have spent an extreme amount of time on over this last year and a half. After receiving our final audit report for the preceding three year period, the initial feedback from the auditor was that the many changes that we've implemented throughout the year put us in a position to meet audit requirements currently and in years to come. Now having received our last audit over the last fiscal year, we have the evidence that those changes were in fact appropriate and impactful. As part of the process to ensure this limitation is met, we will have the auditor conduct one year audits for the foreseeable future. I would like everyone to know that through the hard work of Laurie Kansanback in stabilizing the business manager's position that I now feel like I can count on both the timeliness and the accuracy of all the data I need to make good financial decisions.

4. ***The superintendent shall not fail to provide adequate and timely financial reports to the Board. IN COMPLIANCE***

Again, this is an area that I feel very good about. The changes in the reports that the board receives every month, I believe, are an improvement to both the depth and breadth of the data as well as being more meaningful and easier to understand.

5. ***The superintendent shall not fail to keep the Board informed of changes to the financial conditions that will impact the budget. IN COMPLIANCE***

There are many examples of keeping the Board informed about potential changes to the financial conditions the district has faced over the year. In addition to the monthly board packet reports, I have given the board a number of updates both in email reports as well as in person. Those reports have contained updates concerning our accounting practices, our audit, the state budget process, the McCleary lawsuit impacts to our funding, the status of our local levy collections and our bonding capacity as it related to the ability to pass a new school bond. In addition, I have recently shared the process and the outcome of our Moody's rating process. That process, review and result is further evidence of our work around financial health.

6. ***The superintendent shall not fail to maintain school facilities and adequately plan for future facility needs to achieve the mission of the district. IN COMPLIANCE***

We continue to work hard to maintain the facilities the community entrusts us with. Last year, we added a maintenance position to improve our ability to move beyond reactionary repair to actual maintenance of facilities and equipment. A lot of our work last "off season" revolved around the placing of two new portables and the improvements to our play fields. We are currently in the process of updating our long range facilities plan. This plan would include things like replacement of roofs, gutters, broken concrete, inside and outside painting, upgrades and repairs to aging HVAC units and so on. This plan will also describe our basic plan for the future use and needs of our buildings overall including the new middle school. This plan is used by the county and the city to establish our impact fees. Once we've identified all of the needs, we will associate costs to them and then prioritize based on time frame for completion, cost and available manpower. The board will be presented with the completed plan.

7. ***The superintendent shall not fail to pursue alternative funding in pursuit of the district's mission. IN COMPLIANCE***

In pursuit of alternative funding I am always careful that we don't just chase dollars, but that we identify needs and then look for alternative funding sources.

Many grant opportunities come with strings attached that do not align with our district's mission or provide for the best use of our matching fiscal or human resources. This year, we were able to receive a grant for \$35,000 to create a CTE construction class. This is the perfect example of identifying a need and then looking for ways to meet the need using alternative funding sources.

8. ***The superintendent shall not fail to allocate resources where needed to achieve the Board's Ends policies and meet the expectations of the Board's Executive Limitation policies. IN COMPLIANCE***

I believe I've been very successful in this work and we've met almost all needs and requests that have come up again this year. In addition, we are under budget in almost every major area even after cutting many of them to meet expanded employee contract needs. We've been able to complete the personal computing ratio goal for chromebooks. We have completed the upgrades to our wireless network and we have been able to supplement our transportation budget to KWRL in order to reduce ride times. We continue to improve the food service menu and ingredients in our breakfast and lunch programs. We have completed our literacy adoption purchases and provided teacher training with those materials and many other smaller expenditures that met needs across the district in many areas. With an eye toward opening a new middle school in two years, it is incumbent that we continue to spend conservatively and save liberally to be in a sound financial situation for that event.

9. ***The superintendent shall not fail to take reasonable and prudent actions to secure and protect district assets. IN COMPLIANCE***

We continued to work diligently this year to protect and secure all district assets. As an example, our incidents of vandalism around our campus remain close to zero over the year. When damage does occur, we clean up and repair to the best of our ability before staff and students arrive. This type of swift action sends the message that we value the district assets and we will continue to protect them regardless of the effort involved. We continue to arrange for safety and security reviews by the ESD over a variety of potential loss areas looking for situations or conditions that could lead to liability in the future. This year, we did a complete review of our "Boundary Invasion" policy and programs in addition to reviewing our online footprint and potential for outside technology threats.