

### **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, 2021.

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. This last year has been a test of and a testament to both the conservative fiscal approach of the board and the processes we have put in place to offset the worst case scenarios. 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**

I have continued to work 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. With the business manager moving into her second full year of service and training, we were able to have a final draft at the 2021-22 budget for this board meeting. Peter Rosenkranz was able to participate in the process and creation from start to finish. He has been able to give input that reflects his vision for expenditure activities for next year when he assumes the superintendent role. As we wait for OSPI decisions and tools that will clarify our final funding level coming out of the COVID crisis, we have been able to develop a final draft that we have good confidence in.

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 currently projected to decrease our ending fund balance from \$2.6 mil. to approximately \$2.3 mil. This did not result from expending more funds than anticipated, but instead resulted from an enrollment and apportionment loss due to the closing of “in-person” school. The district took immediate and significant action to reduce expenditures in the face of this reduced apportionment. Those actions saved the district about \$600k in fund balance.

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 again an area that I and the staff have spent an extreme amount of time on over the last five years. With the turnover and training of two business managers in that time frame, the challenge of changing institutional memory, reporting requirements, state directives and changing funding systems we have persisted in safeguarding the taxpayers funds and creating transparency in our reporting. This year was the first year that the district was subject to a federal audit as our apportionment exceeded \$750k in federal funds for the first time. This federal audit found one error in paperwork compliance, but found that no funds were spent inappropriately and all funds were accounted for. We continue to be successful in safeguarding our fiscal assets as there were once again no audit concerns over lost or missing revenue or taxpayers dollars in any fund.

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

This is an area that I feel very good about. The changes in the reports that the Board receives every month to Forecast 5 is 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 years. 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 and the status of our local levy collections. I feel like we talk more about finance, as we should, than almost any other topic.

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***

This last year has been a very busy year overseeing the new middle school construction after successfully navigating the obstacles provided by the Department of Ecology and the Army Corps of Engineers. We upgraded the HVAC control systems at the old K-8 campus using utility incentive programs and money from the bond and impact fees. We will be doing a full assessment of the old K-8 campus this spring and summer to prepare a plan to present to the board to expend the remaining \$1M bond funds designated for that campus in upgrades and repairs. Most of those upgrades will be completed during the summer of 2022 as we will be focusing on moving the staff and materials out of the building this summer and into the new school. There will likely not be time to move middle school staff out, elementary school staff in and still do significant work all this summer.

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 was a unique year in terms of grant funding availability. There were significant federal grant dollars in ESSER I, II, and III distributions. There

are also significant strings attached to each of these funds in terms of what expenditures qualify. We have received all of our phase I dollars and are preparing to claim most of our phase II dollars during the remainder of this budget year. The phase III dollars will be claimed in next fiscal year and we have laid the groundwork for that.

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 reducing many of those same areas over the last two budget cycles to meet expanded employee contract needs.

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 campuses have remained close to zero over the last five years. 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. We continue to upgrade our work around employee safety as our experience rating this year in workplace accidents fell dramatically. I met with the Clark and Cowlitz county Superintendents weekly this year to discuss health, safety, liability and safe return of students to in-person learning. Dr. Melnick, the Clark County DOH head, attends these meetings and we focus on the health and safety of the district students and staff as we work ourselves through the COVID pandemic.