



Sun Prairie Area
School District

Futures depend on us...every child, every day.

OE 5: Financial Planning Summary of Compliance Status

Date: October 30, 2017

Superintendent Certification

With respect to the results of Operational Expectation 5 (OE 5): Financial Planning, the superintendent certifies that the following information is accurate and complete, and the School District is:

- ☒ In compliance.
☐ In compliance with exceptions noted.
☐ Not in compliance.

Executive Summary:

The following Operation Expectation covers the Financial Planning of the District.

Topics include:

- Budget Planning: Planning expenses and revenue for the current year.
- Budget Forecasting: Budget planning out into the future, usually for a five-year period.
- Enrollment Forecasting: Needed to project a budget, enrollment forecasting is especially important in a growing district like Sun Prairie.
- Publication of the Budget per DPI: The State of Wisconsin has law governing how the budget is published for the public.
- Ensuring Fiscal Soundance: The Board wants a budget that will ensure the school district is solvent for years to come.
- Fund Balance Policy Adherence: The Board has a policy on how much of a fund balance a district should have.
- Salary and Benefit Planning: 80+% of the budget is for salaries and benefits, therefore it is important to adequately plan for these expenses.
- Acceptance of the Audit by the Board: A certified auditor reviews the district's financials each year.
- Budget Publications and the Public Understanding of the Budget: The Board wants the public to easily understand the budget.

Signed: _____

Brad Saron, Superintendent

Date: October 30, 2017

School Board Action

With respect to the results of Operational Expectation 5 (OE 5): Financial Planning, the School Board finds that the organization and the superintendent are:

☒ In compliance.
☐ In compliance with exceptions noted.
☐ Not in compliance.

Summary Statement/Motion of the School Board:

Motion #1 by Caren Diedrich, second by Marilyn Ruffin to accept Monitoring Report for OE 5: Financial Planning as complete. Motion carried

Motion #2 by Steve Schroeder, second by Caren Diedrich accepting the Monitoring Report for OE 5: Financial Planning as compliant for Fiscal Year 2016-17.

Signed:  Date: 11-13-17

Title: Tom Weber, School Board President



Sun Prairie Area School District

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OE 5: Financial Planning

OE 5: The Superintendent shall develop and present to the Board a multi-year financial plan that is related directly to the Board's priorities, that avoids long-term fiscal jeopardy and that uses district resources effectively and efficiently.

Interpretation: The School Board expects the Superintendent to bring forward a multi-year budget plan that ensures the fiscal sustainability of the District.

Definition of terms:

- **Long-term fiscal jeopardy:** To put the District at risk for financial crisis.

OE 5.1

OE 5.1: The Superintendent will develop a budget that is in a summary format understandable to the Board and presented in a manner that allows the Board to understand the relationship between the budget and the Board's priorities for the year.

Interpretation:

The Board expects the Superintendent to present a budget that is clear and understandable to the Board and the public. When presented to the public, the budget will have an executive summary so that the public and Board can easily identify the key part of the budget and how it aligns to the Board's priorities.

Definition of terms:

- **The Board's priorities** are defined by the approved District Strategic Plan annually developed as the District Annual Action Plan.
- **Budget** as defined by the Department of Public Instruction, a budget is a plan of financial operation embodying an estimate of proposed revenues and expenditures for a given accounting period.
- **Summary format understandable to the Board and the public** shall mean budget documents will be presented clearly and in condensed format. An executive summary of the budget will be used to highlight the budget key components.

OE 5.1

Measure	Superintendent	Board
Measure 1: The Proposed Budget documents provided to the Board were summarized by fund.	Compliant	
Measure 2: The budget contains an executive summary that outlines the key aspects of the budget and relationship to the Strategic Plan.	Compliant	
Measure 3: The Board demonstrates its understanding of the budget by adoption by majority vote.	Compliant	

OE 5.2

OE 5.2: The Superintendent will develop a budget that credibly describes revenues and expenditures.

Interpretation:

The Board expects the Superintendent to assure the budget reports revenues and expenditures in a credible manner.

Budget expenditures include Board approved salary and benefit adjustments and expected and ongoing adjustments of department and school expenditures aligned to the strategic plan.

Definition of terms:

- **Credibly** accounting for all monies received and spent by the District shall mean in a manner that is:
 - **Accurate:** Consistent with standard practice
 - **Verifiable:** Capable of being verified
 - **Realistic:** Based on sound practice
 - **Reliable:** Able to be trusted
- **Revenue:** The amount of money coming into the district.
- **Expenditures:** The amount of money spent by the district.

OE 5.2

Measure	Superintendent	Board
Measure 1: The District had a Board adopted prior-year budget that is determined to be in compliance with Statute 65.90 upon audit.	Compliant	
Measure 2: Revenue limits for the prior-year budget have been verified by the Wisconsin Department of Public Instruction upon audit.	Compliant	
Measure 3: Budgeted expenditures include expected and ongoing adjustments to the expenditures of departments and schools aligned with result priorities and operational expectations.	Compliant	
Quarter 1: Any necessary budget adjustments were approved by the Board.	Compliant	
Quarter 2: Any necessary budget adjustments were approved by the Board.	Compliant	
Quarter 3: Any necessary budget adjustments were approved by the Board.	Compliant	
Quarter 4: Any necessary budget adjustments were approved by the Board.	Compliant	

OE 5.3

OE 5.3: The Superintendent will develop a budget that shows the amount spent in each budget category for the most recently completed fiscal year, the amount budgeted for the current fiscal year, and the amount budgeted for the next fiscal year.

Interpretation:

The Board expects the Superintendent to budget by function as required by Wisconsin Uniform Financial Accounting Requirements (WUFAR).

Definition of terms:

- **Budget** shall mean planned revenues and expenditures over a two-year period of time and actual revenues over the most recently completed fiscal year.
- **Category** shall mean by fund, program and object as described by the Wisconsin Uniform Financial Accounting Requirements.
- **Most recently completed fiscal year** shall mean the period of time from July 1 to June 30 of the prior year.
- **Current fiscal year** shall mean the period of time from July 1 to June 30 of the current year.
- **Next fiscal year** shall mean the period of time from July 1 to June 30 of the following fiscal year.

OE 5.3

Measure	Superintendent	Board
Measure 1: The budget documents included tables utilizing the budget reporting structure outlined by the Wisconsin Department of Public Instruction. Required budget reports were also filed with the state utilizing WUFAR.	Compliant	

OE 5.4

OE 5.4: The Superintendent will develop a budget that discloses budget-planning assumptions.

Interpretation:

The Board expects the Superintendent to disclose the major planning assumptions that were used to build the budget.

Definition of terms:

- **Budget-planning assumptions** are the factors that describe anticipated sources of revenue and aid. Factors that have the greatest impact on budget development are:
 - **Projected Enrollment:** Data provided by consultants; Applied Population Lab (UW-Madison), MD Roffer's Consulting data.
 - **Actual Enrollment:** 3rd Friday count data.
 - **Projected Equalized State Aid:** Projected amount of aid given by the state, estimated provided July 1st.
 - **Actual Equalized State Aid:** Aid given by the state to "equalize" property taxes, confirmed on Oct. 15th.
 - **Project Revenue Limit:** Pre-populated revenue limit worksheet provided by DPI for budgeting purposes.
 - **Final Revenue Limit:** The amount a Wisconsin School district can raise via taxes or equalized aid - verified Oct 15th - includes 3rd Friday count and summer membership.
 - **Property Values:** The certified equalized value of the district provided by the Department of Revenue.
 - **Federal Funding:** Money received from the Federal Government, i.e., Title 1.

OE 5.4

Measure	Superintendent	Board
Measure 1: Budget contained budget assumptions on: <ul style="list-style-type: none"> ● Enrollment ● State Aid ● Property Values Explanation: <ul style="list-style-type: none"> ● Enrollment <ul style="list-style-type: none"> ○ Budget: 48 Actual: 160 ● State Aid <ul style="list-style-type: none"> ○ Budget: -1.0% Actual: -1.42% ● Property Values <ul style="list-style-type: none"> ○ Budget: 7.5% Actual: 8.5% 	Compliant	

OE 5.5

OE 5.5: The Superintendent will develop a budget that assures fiscal soundness in future years.

Interpretation:

The Board expects the Superintendent to develop a budget that can pay for planned expenditures for the current and future fiscal years.

Given the volatility of public school funding in the State, assuring fiscal soundness requires a comparison of District expenditures to benchmark districts to provide perspective on our fiscal health.

A detailed budget forecast model will be developed that projects future revenues, expenditures, tax levies, capital projects, staffing, construction, and deficits/surpluses.

Definition of terms:

- **Fiscal soundness** shall mean the ability of the District to meet cash flow requirements on a daily basis.
- **Future years** shall mean the current and subsequent fiscal year.

OE 5.5

Measure	Superintendent	Board
Measure 1: A five-year budget forecast model developed by administration and presented to the Board.	Compliant	
Measure 2: Analysis of the five-year budget forecast model is done by administration and reported to the Board.	Compliant	
Measure 3: If needed, administration uses the forecast model to determine corrective steps to be taken.	Compliant	
Measure 4: Steps were taken in financial planning to maintain or increase the bond rating to the extent within the control of administration.	Compliant	

OE 5.6

OE 5.6: The Superintendent will develop a budget that reflects anticipated changes in employee compensation, including level adjustments, step increases, performance increases and benefits.

Interpretation:

The Board expects the superintendent to assure the personnel budget includes specific changes in employee compensation and benefit costs for all employees.

Definition of terms:

- **Employee compensation:** All pay and benefits provided to each employee group; Administration, administrative support, professional educators, support staff, substitutes.
- **Level adjustments, step increases, and performance increases:** Pay provided to employees as determined by handbooks and appropriate based on budget.
- **Benefits:** Eligible employee costs that include WRS State retirement contributions, FICA, health and dental coverages, life insurance, long-term disability coverage, and workers compensation insurance costs.

OE 5.6

Measure	Superintendent	Board
Measure 1: The budget reflects anticipated employee compensation approved by the Board.	Compliant	
Measure 2: The budget reflects anticipated employee benefit plan approved by the Board.	Compliant	
Measure 3: The number of sick/reimbursable leave used by staff is tracked.	Compliant	

OE 5.7

OE 5.7: The Superintendent will develop a budget that includes such amounts as the Board determines to be necessary for its own governing function, including board member training, consultation, attendance at professional conferences and events, and other matters identified by the Board.

Interpretation:

The Board expects the superintendent to assure the Board's budget includes funding for training, attending conferences, and any expenses needed for board governance.

Definition of terms:

- **Own governing function** shall mean the projected amount of money budgeted to carry out the Board's function.
- **Board member training** shall mean the projected amount of money budgeted for development of the Board.
- **Consultation** shall mean the projected amount of money budgeted to hire professional services as needed by the Board.
- **Professional conferences and events** shall mean the projected amount of money budgeted to attend conferences and events related to board development and district related topics.
- **Other matters identified by the Board** shall mean the projected amount of money budgeted for needs not identified above that become a priority of the Board.

OE 5.7

Measure

Superintendent

Board

Measure 1: The Superintendent submits a budget with estimated amounts to meet the needs of the Board's governing function.

Compliant

OE 5.8

OE 5.8: The Superintendent will develop a budget that maintains a fund balance of at least 10 percent of the General Fund budget.

Interpretation:

The Board expects the superintendent to assure that the general fund balance is 10% of the budgeted expenditures. Per the Department of Instruction, the size of fund balance is a local decision and currently the Policy on Fund Balance is 10%.

Definition of terms:

- **Fund Balance:** The amount of money, as defined by WUFAR, remaining in the general fund at the end of the fiscal year.

OE 5.8

Measure	Superintendent	Board
Measure 1: Year-end financial statements reflect calculations of ending fund balances while maintaining an amount of at least 10% annual General fund expenditures. Explanation: <ul style="list-style-type: none">• 9.9% to 12.2%	Compliant	
Measure 2: The prior fiscal year General Fund ended with a surplus.	Compliant	

OE 5.9

OE 5.9: The Superintendent may not develop a budget that plans for the expenditure in any fiscal year of more funds than are conservatively projected to be available during the year.

Interpretation:

The Board expects the superintendent will develop a budget based on reasonable budgeting practices and not budget to deficit spend, unless approved by the Board.

OE 5.9

Measure	Superintendent	Board
Measure 1: The current year budget is a balanced budget.	Compliant	

Glossary

Definition of terms:

- **Benchmark districts:** defined by the seven districts smaller and the seven districts greater than Sun Prairie in size based on enrollment.