DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

Interpretations & indicators accepted by DASD Board of Education on February 8, 2016 Revised: June 12, 2017, June, 2020, August 14, 2023

Date Presented: October 27, 2025
Date Approved by the Board: October 27, 2025

SUPERINTENDENT CERTIFICATION

With respect to Operational Expectations 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 Exception (as noted in the evidence)
_____ Not in Compliance

Superintendent Summary Statement:

This report monitors the district's adherence to Board Policy OE-5: Financial Planning. The findings confirm that the district meets expectations for responsible financial planning and timely reporting of financial needs. Evidence indicates full compliance with all indicators, and the Superintendent recommends a finding of "In Compliance" with OE-5. The report also identifies a capacity building to study and share findings on space and building utilization to support the district's growing student population.

Signed: _____Date: _____
Superintendent

BOARD OF EDUCATION ACTION

With respect to Operational Expectations 5, Financial Planning, the Board finds the district to be:

____X_____ In Compliance
_____ In Compliance with Exception (as noted in the evidence)
_____ Not in Compliance

Board Summary Statement/Motion:

The Board concurs with administration that OE-5 is in compliance. The Board appreciates the detailed evidence provided in the report which shows how the district plans and communicates financial needs both internally and externally. The Board commends the forward-looking mindset of staff as they deal with growth in the district and begin planning for future growth.

DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

On a motion by Coker, seconded by Berg, the DeForest Area School District Board of Education voted to approve OE-5 Financial Planning Board Policy Monitoring Report, as presented, as in compliance. The vote passed with a unanimous voice vote, with Lewis absent.

Signed: _____ Date: _____
Board President

DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

The Superintendent will develop and present to the Board a multi-year financial plan that is related directly to the Board's *Results* priorities and *Operational Expectations* goals, and that avoids long-term fiscal jeopardy to the district.

Superintendent Interpretation:

The Board values planning for the future needs of the District, maximizing the use of our limited resources, and a financial plan that creates stability. The Board values taking into account that the long-term financial outlook is based on reasonable revenue and expense estimates aligning the revenues and expenses to the Results priorities and Operational Expectations.

Key words or phrases:

- **Multi-Year Financial Plan** means a budget that balances revenues and expenditures over three years consisting of the past, current and subsequent year.
- **Long-term** means two years or more (the current and subsequent year)
- **Fiscal Jeopardy** means inability to meet financial obligations or in violation of state or federal law

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 ***Results*** priorities and any ***Operational Expectations*** goals for the year.	**Compliant**

Interpretation: The Board values an annual financial plan that is presented in a clear, simple manner including information summarizing key aspects of the financial plan. The information provided includes a section where selected Operational Expectations and expenditures are related and clearly articulated. The information provided includes a section where selected Results and expenditures are related and clearly articulated.

Key words or phrases:

- **Summary Format** is an abbreviated version of the entire budget that is summarized by major categories.
- **Budget** is an estimate of revenue and expenditures for the school year.
- **Relationship** is the correlation between the budget numbers and results.

DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

Indicator 1: The budget summary presented contains information that outlines key aspects of the budget, including alignment to the Operational Expectations and Results.
Evidence: At the March 10, 2025 Board meeting budget parameters were presented that included information regarding budget assumptions and information pertinent to the 2025-26 budget development process. It also included information regarding identified capacity building (Exhibit A - Budget Parameters - pages 6-8) . Budget amendments/drafts were presented at various times during the year. These drafts/amendments included alignment to capacity building for Operational Expectations and Results. These also were presented in budget summary formats by revenues and expense by cost-center. Budget documents were presented on June 9, 2025 (2024-25) (Exhibit B - 6-9-2025 Budget Amendment pages 7-15) , July 28, 2025 (2025-26) (Exhibit C - 2025-26 Budget Draft - DeForest 7-28-2025, and anticipated October 27, 2025 (Exhibit H - October Budget Update 10-27-2025 pages 10-23).

5.2 The Superintendent will develop a budget that: Adequately describes revenues and expenditures.	**Compliant**

Interpretation: The board values a financial plan that clearly identifies and accurately reports accounts for all money received and spent by the District.

Indicator 1: The budget is in compliance with the Wisconsin Department of Instruction Uniform Financial Accounting Requirements (WUFAR).
Evidence: The district utilizes the WUFAR format for all account coding. This format is required by the Department of Public Instruction (DPI) in order for the district to submit the financial annual and budgetary reports. The 2024-25 annual report was submitted to DPI on September 17, 2025 via the Wisconsin School Finance Portal (WisFIP) (Exhibit D - WiSFiP - Annual Report Certification).
Indicator 2: The budget reporting structure summarizes revenues by source and expenditures by function for each budget section as prescribed by the Governmental Accounting Standards Board (GASB).
Evidence: On July 28, 2025 the Board was presented with the budget draft for 2025-26. This process included the 2025-26 Budget Publication Notice which presents the budget data by revenue source and expenditure function. (Exhibit E - 2025-26 Budget Publication Notice).
Indicator 3: The budget document is presented with a summary of prior year, current year fiscal activity, as well as, the proposed budget by category.
Evidence: The budget draft presented on July 28, 2025 included summary revenue and expenses from 2022-23, 2023-24, 2024-25 and proposed budgets for 2025-26. (Exhibit C - 2025-26 Budget Draft - DeForest)

DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

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.	**Compliant**

Interpretation: The board values a financial plan that is presented in a format that identifies expenditures by fund and general program/budget center for three years.

Indicator 1: The budget is presented by fund, program, and object.
Evidence: The budget materials submitted for Board review included sections organized by fund, cost center/program, and object codes. The 2025-26 Budget Draft - DeForest (Exhibit C) provides an overview by fund on pages 3-4. Expenditures by program are presented in the Expenses section on pages 10-14, and expenditures by object are outlined on pages 15-17.

5.4	**The superintendent will develop a budget that:** Discloses budget-planning assumptions.	**Compliant**

Interpretation: The board values a financial plan that includes factors that went into forecast both on the revenue side and the expenditure side.

Indicator 1: The budget includes a statement of budget assumptions including, but not limited to class size, staffing, instructional programs, and operational needs.
Evidence: The budget assumptions were presented on March 10, 2025, and are included as Exhibit A – 2025–26 Budget Parameters. Exhibit A outlines the key budget assumptions, including sections on Revenue Assumptions and Expenditure Assumptions. It also includes major factors such as class size, programming, funding assumptions, FTE changes, capacity building and other elements that may affect revenue and expenditure projections. (See Exhibit A.)
Indicator 2: The budget will include any significant changes that impact the budget including, but not limited to legislative action, personnel needs, enrollment, changes to the revenue limit, changes to state and federal funding and CPI estimates.
Evidence: The 2025–26 Budget Draft and Update 7-28-2025 (Exhibit F) reflects all significant factors influencing district finances. Legislative updates in the Wisconsin 2025–27 Biennial Budget Overview (pages 1-3) include a $325 per-pupil revenue limit increase, flat general aid, and higher special education reimbursement rates. Information regarding enrollment growth can be found on page 2 of Exhibit A. New positions in special education, student services, and instructional support address staffing and program needs have been incorporated and referenced in Exhibit F on page 8. The budget also incorporates frozen federal funding levels and inflationary adjustments for compensation and insurance (Exhibit F), ensuring all major fiscal impacts are addressed within the 2025–26 budget.

DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

5.5 The superintendent will develop a budget that: Assures fiscal soundness in future years.	**Compliant**

Interpretation: The Board values financial planning and decision-making that considers best methods for long-term financial health.

Indicator 1: A five-year forecast is presented to the Board to assess fiscal soundness.
Evidence: An updated five year forecast was included on page 27 of the October 27, 2025 budget update (Exhibit H).
Indicator 2: A budget is submitted that maintains sufficient fund balances to meet financial obligations such as, but not limited to, reducing liability, meeting capital obligations, and planning for potential obligations.
Evidence: The 2025-26 Budget draft presented to and approved by the Board on July 28, 2025, had a projected end of year fund balance of 29%
Indicator 3: The District maintains a bond rating that is in the top 25% as compared to other Wisconsin public school districts.
Evidence: The district maintains a bond rating of AA+ from S&P. This rating was last completed in 2021. Bond ratings are generally updated when a new bond issuance is planned (Exhibit G).
Indicator 4: The District maintains a fund balance in alignment with Board policy.
Evidence: The district's ending fund balance for 2024-25 was at 28.40% of the 2024-25 expenditures. October 27, 2025 (Exhibit H page 10).

5.6 The superintendent will develop a budget that: Reflects anticipated changes in employee compensation.	**Compliant**

Interpretation: The Board values a financial plan that considers fixed and variable factors for salary and benefits.

Indicator 1: The budget reflects compensation inclusive of all adjustments including benefits approved by the Board.
Evidence: The budget presented and approved by the Board on July 28, 2025 included assumptions reflecting the anticipated compensation changes. The 2025-26 compensation amounts which were approved by the Board on August 25, 2025 were included in the October 27, 2025 Budget.
Indicator 2: The budget includes a section describing FTE's (full-time equivalents) of positions by major programs approved by the Board. *(By employee category and area.)*
Evidence: The budget summary provided to the Board on July 28, 202 included a section identifying staffing changes (Exhibit F page 8). The annual budget document for the September 22, 2025 annual meeting included the FTE information on page 12 of exhibit I.
Indicator 3: The budget reflects anticipated personnel costs for salary and benefits that are consistent with the compensation schedules, employee handbook, and pay rates set by the Human Resources office.

DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

Evidence: An allocation aligned with CPI was included in the 2025-26 proposed budget (exhibit F page 6). Employee pay for 2025-26 which was approved by the Board on August 25, 2025 was incorporated in the October 27, 2025 proposed budget.
Indicator 4: The budget reflects contributions to Other Post Employment Benefits Trust (OPEB Trust) and cost increases to benefits other than salary and insurances.
Evidence: The proposed budget for 2025-26 includes a contribution to OPEB in the amount of $579,896. (Exhibit C - page 8 - Post-Retirement Fund 73)

5.7	**The superintendent will develop a budget that:** Includes such amounts as is reasonably necessary for the Board's own governing function, including board member training, consultation, attendance at professional conferences and events, and other matters identified by the Board.	**Compliant**

Interpretation: The Board values a financial plan that includes resources for anticipated Board purposes and professional development necessary for the leadership role that the Board takes to govern the District.

Indicator 1: The budget includes funds for Board member training, organizational memberships, opportunities to attend training and conferences, including governance training and new Board member orientation.
Evidence: Proposed budget for 2025-26 (Exhibit C page 10, cost center 551) includes allocations for Board member training, memberships and other related expenditures.
Indicator 2: The budget includes sufficient funds to conduct elections and other statutorily required functions.
Evidence: Proposed budget for 2025-26 (Exhibit C page 10, cost center 551) includes funds to cover costs associated with elections and other statutorily required functions.

5.8	**The superintendent will develop a budget that:** Includes adequate funds for non-compensation needs required to achieve Board ***Results*** policies.	**Compliant**

Interpretation: The Board values a financial plan that includes expenditures to support necessary functions of the district to achieve the Board's desired outcomes above and beyond salaries and benefits.

Key words or phrases:

- **Non-compensation** refers to the expenditures to support operations, capital projects, special education, curriculum and instruction, food service, transportation, technology, human resources, communications, business services, and other necessary functions of the district in order to achieve the Results.

DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

Indicator 1: The budget will include expenditures to support operations, capital projects, special education, curriculum and instruction, food service, transportation, human resources, communications, business services, and other necessary functions of the district.
Evidence: The proposed 2025–26 budget for General Fund 10 includes allocations across multiple cost centers, supporting operations, capital projects, curriculum and instruction, transportation, human resources, communications, business services, and other district functions. In addition, the budget provides for a transfer to Fund 27 (Special Education Fund), a levy allocation for the Capital Projects Fund, and a budget for Food Service operations (see Exhibits C and H).

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, including board-approved use of reserve funds.	**Compliant**

Interpretation: The Board values a budget that is balanced by under estimating revenue and over estimating expenditures and that the use of fund balance or other earmarked funds requires Board approval.

Indicator 1: The budget documents estimate a balanced budget.
Evidence: The proposed 2025-26 budget presents a balanced budget with a planned contribution to fund balance reserves. The contribution to fund balance reserves is necessary to maintain the OE-5 - 5.10 expectations and pivotal to maintaining the required reserve level as projected through the five-year financial forecast.
Indicator 2: The fiscal year-end documents demonstrate that expenditures do not exceed revenues and any board approved use of reserve funds.
Evidence: The 2024-25 fiscal year activity resulted in expenditures exceeding revenues by $3.6m. This was a planned use of fund balance reserves in preparation of the district's November 2024 operating referendum. Fiscal year data for 2024-25 has been included in the October 27, 2025 proposed budget documentation (Exhibit H pages 10-23).
Indicator 3: Budget documents are constructed with July revenue estimates and updated with subsequent changes to those estimates as received by the District.
Evidence: The budget document presented at the July 28, 2025 Board meeting contained the July estimate for revenue which included the July 1 Equalization aid estimate from DPI.

5.10	**The Superintendent may not develop a budget that:** Provides for an anticipated year-end fund balance of less than 25 percent of the general fund budget.	**Compliant**

Interpretation: The Board values the projected amount of money remaining in the general fund, after the fiscal year expenditures are subtracted from revenue, to be at a minimum of 25%.

DeForest Area School District
Operational Expectations Monitoring

OE-5 FINANCIAL PLANNING
SUMMARY OF COMPLIANCE STATUS

Indicator 1: The budget is submitted with an estimated year-end fund balance of 25% or greater.
Evidence: The 2025-26 Budget is submitted with a projected ending balance of 29%. The proposed budget document was approved at the July 28, 2025 Board meeting and is set for final review at the October 27, 2025 Board meeting.
Indicator 2: Year-end financial statements reflect a fund balance of 25% or greater with any variance from this expectation being approved by the Board.
Evidence: The 2024-25 fund balance came in at 28.40% of the General Fund 10 expenditures (Exhibit H page 10).

Action Plan to Improve/Enhance OE-5:

Capacity Building – Funding/Staffing:

Long-range planning, with a focus on managing continued growth, will be a key priority in the coming years. As our student population continues to rise and is projected to increase further, we must strategically plan for staffing expansions across all departments while ensuring the efficient use of existing facility spaces to accommodate this growth.