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:
Date Approved by the Board:

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 the timely reporting of financial needs. The financial plan is organized in a clear, summary format designed specifically for the Board. It is presented in a manner that allows the Board to understand the direct relationship between the proposed budget, the district's Results priorities, and our Operational Expectations goals for the year. The district continues to maintain a fund balance that is in alignment with board policy and has a financial plan.

Evidence indicates full compliance with all indicators, and the Superintendent recommends a finding of "In Compliance" with OE-5.

Signed: _____Date: _____
Superintendent

BOARD OF EDUCATION ACTION

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

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

Board Summary Statement/Motion:

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Signed: _____ Date: _____
Board President

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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.

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Indicator 1: The budget summary presented contains information that outlines key aspects of the budget, including alignment to the Operational Expectations and Results.
Evidence: During the 2025-26 school year the 2025-26 budget was presented for Board approval on October 27, 2025. The document presented included a budget overview with factors impacting the district's revenue limit. It also included a section on budget highlights, budget details, enrollment trends, staffing information, as well as a long-range financial forecast. The expense section also contained alignment to the Operational Expectations and Results policies. (2025-26 Budget Update October 27, 2025) The budget parameters were presented for the 2026-27 fiscal year and approved at the April 13, 2026 Board meeting. The parameters included identified capacity building items related to operational expectations and results. (2026-27 Budget Parameters pages 6-9)

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 2025-26 annual report was submitted to DPI on September 21, 2026 via the Wisconsin School Finance Portal (WisFIP) (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: The 2026-27 budget draft was presented to and approved by the Board on July 27, 2026. This document included the 2026-27 Budget Publication Notice which presented the budget data by revenue source and expenditure function. (2026-27 Budget Draft July 27, 2026 pages 17-18).
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 and approved at the July 27, 2026 Board meeting included a summary of revenue and expenses for the fiscal years 2023-24, 2024-25, 2025-26 and proposed budgets for 2026-27. (2026-27 Budget Draft July 27, 2026 pages: 4-16)

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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 documents presented for Board approval on July 27, 2026 were organized by fund, cost center/program, and object codes. 2026-27 Budget Draft July 27, 2026 contains a budget overview by fund on pages 3-4. Expenditures by program were included on pages 10-14. Expenditures by object were provided on pages 15-16.

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 parameters for the 2026-27 budget were presented to the Board on April 13, 2026, detailing the assumptions for district operations and fiscal planning. The document included class size targets, staffing adjustments, and enrollment projections. Additionally, the document included information on staff compensation, health insurance renewal, and inflationary cost increases. Operational needs were also outlined related to the community service fund and capital projects. (2026-27 Budget Parameters)
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 2026-27 budget draft presented on July 27, 2026, and the parameters established on April 13, 2026, incorporate internal and external changes impacting district finances. The document addresses legislative and state funding developments, including state special education aid shortfalls and a projected increase in Equalization Aid to $27.47M. Personnel adjustments are detailed to address growing secondary cohorts alongside elementary attrition. Revenue projections account for the statutory $325 per-pupil revenue limit increase, local enrollment trends, a 5.99% growth in equalized property values, and federal grant reductions. Furthermore, expenditure planning integrates a 2.63% CPI estimate for compensation, a 2.65% cost-center inflationary increase, a 6.5% health insurance renewal, and $2.3M in planned capital project expenditures. (2026-27 Budget Parameters).

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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 in the October 26, 2026 budget update .
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 2026-27 Budget draft presented to and approved by the Board on July 27, 2026, had a projected end of year General Fund balance of 29%. (2026-27 Budget Draft July 27, 2026, page 3)
Indicator 3: The District maintains a bond rating that is in the top 25% as compared to other Wisconsin public school districts.
Evidence: There was no change in bond rating for the district. Bond ratings are generally updated when seeking a new bond. The last bond rating occurred in 2021 where the district maintained the rating of AA+ from S&P. (2021 S&P Bond Rating).
Indicator 4: The District maintains a fund balance in alignment with Board policy.
Evidence: The district's ending fund balance for 2025-26 was at 29% of the 2025-26 expenditures as evident in the Budget Summary, page 10 of the 2026-27 October 26, 2026 Budget Update.

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 27, 2026 included assumptions reflecting the anticipated compensation changes. The 2026-27 compensation amounts which were approved by the Board on June 8, 2026 were included in the 2026-27 October 26, 2026 Budget Update.
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 27, 2026 included a section identifying staffing changes (2026-27 Budget Draft July 27, 2026, page 25). The annual budget document for the September 28, 2026 annual meeting included the FTE information on page 5 of 2026-27 Annual Meeting Budget Booklet.

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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.
Evidence: An allocation aligned with CPI was included in the 2026-27 proposed budget (2026-27 Budget Draft July 27, 2026 page 25). Employee pay for 2026-27 which was approved by the Board on June 8, 2026 was incorporated in the October 26, 2026 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 2026-27 includes a contribution to OPEB in the amount of $602,581. (2026-27 Budget Draft July 27, 2026, page 8)

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 2026-27 (2026-27 Budget Draft July 27, 2026, 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 2026-27 (2026-27 Budget Draft July 27, 2026, 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.

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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 2026–27 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 (2026-27 Budget Draft July 27, 2026, pages 10-13).

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 2026-27 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 2025-26 fiscal year activity resulted in revenues exceeding expenditures by $1.98m. Fiscal year data for 2025-26 has been included in the 2026-27 October 26, 2026 Budget Update documentation.
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 27, 2026 Board meeting contained the July estimate for revenue which included the July 1 Equalization aid estimate from DPI. (2026-27 Budget Draft July 27, 2026 page: 19)

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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%.

Indicator 1: The budget is submitted with an estimated year-end fund balance of 25% or greater.
Evidence: The 2026-27 Budget is submitted with a projected ending balance of 29%. The proposed budget document was approved at the July 27, 2026 Board meeting and is set for final review at the October 26, 2026 Board meeting. 2026-27 Budget Draft July 27, 2026, page 3)
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 2025-26 fund balance came in at 29% of the General Fund 10 expenditures, 2026-27 October 26, 2026 Budget Update page 10.

Capacity Building – Funding/Staffing:

Continuation of capacity building from 2025-26 which is: 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.

Possible Indicator Revisions

Consider moving **5.2, 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." to 5.3, Indicator 2. The indicator may align more appropriately with the wording of 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."