



INTERNAL MONITORING REPORT

To: WSD Board President and Board of Trustees
From: Wilmer Chavarria, WSD Superintendent
Re: **Annual Monitoring Report on Executive Limitations
Policy Title 2.4: Financial Planning and Budgeting**
Date: 01/08/2025

Dear Members of The Board,

Below please find my Annual Monitoring Report on your Executive Limitations Policy Title 2.4: "Financial Planning and Budgeting" presented in accordance with your monitoring schedule. I certify that the information contained in this report is true.

Thank you for your work in advancing the Ends Statement of our district to form students who will "lead healthy, productive and successful lives and engage with their local and global community."

Respectfully Submitted,



Wilmer A. Chavarria, NBCT
Superintendent of Schools
Winooski School District
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POLICY WORDING

Policy Title: 2.4: Financial Planning and Budgeting

The superintendent shall not cause or allow financial planning/budgeting for any fiscal year or the remaining part of any fiscal year to deviate materially from the board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan. Further, without limiting the scope of the foregoing by this enumeration, there will be no financial plans/budgets that:

1. Risk incurring those situations or conditions described as unacceptable in the board policy "Financial Condition and Activities.
2. Omit credible [conservative] projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy.
4. Omit disclosure of anticipated impact(s) of proposed plan/budget on students and taxpayers.

1. INTERPRETATION (NO CHANGE)

Financial planning and budgeting that **deviates materially from the Board's Ends priorities** is one that focuses on priorities outside of what is first listed in the Board's Ends Statement: WSD students graduating college and career ready, leading healthy, productive, and successful lives, and engaging with their local and global community. Furthermore, even if financial planning and budgeting can exist within the constraints of the Ends Statement, it does not directly fulfill this policy if the Statement has not been explicitly utilized as an authentic framework for financial planning that is satisfactory to the Board and owners.

Risking financial jeopardy means planning and budgeting in such a way that allows the finances of the district to be at risk of loss, waste, or mismanagement both in the short and long term.

Planning and budgeting that **fails to be derived from a multiyear plan** accounts for no more than the pressures of the current and consequent year and omits necessary historical trends, data, and commitments, or ignores important future projections in the mid and long term.

1. INTERPRETATION (REVISED)

Unacceptable situations or conditions as per the Board's "Financial Conditions and Activities" Policy include:

- Develop financial jeopardy or material deviation of actual expenditures from board priorities established in Ends policies.
- Expend more funds than have been received in the fiscal year to date.
- Expend more funds than have been budgeted.
- Spend any surplus revenues.
- Use any long-term reserves.
- Allow for practices that do not comply with Generally Accepted Accounting Procedures.
- Receive, process, or disburse the organization's assets under internal controls that are insufficient to prevent and detect significant deficiencies or material weaknesses.
- Operate without internal controls that prevent and ensure against tardy, inaccurate, specious, or misleading financial reporting.
- Incur debt in an amount greater than can be repaid by certain otherwise unencumbered revenues within sixty days.
- Conduct interfund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain otherwise unencumbered revenues within thirty days.
- Allow debts to be settled in an untimely manner.
- Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- Allow receivables to be unpursued after a reasonable grace period.
- Operate without internal procedures that detect, deter, and prevent fraud.
- Accept non-resident students unless tuition is being paid by another Vermont school district or the state with the exception of students exercising board approved school choice programs."

Omitting credible and conservative projections of revenues and expenses means that projections are calculated with a narrowly optimistic outlook that ignores plausibly detrimental factors, effectively preventing the Board from making decisions that protect the district's assets in the face of uncertainty.

Omitting the separation of capital and operational items and cash flow means not properly categorizing expenses and revenue in such a way that the Board can realistically sense the operational health and capacity of the district differentiated from capital assets.

1. INTERPRETATION (REVISED)

Omitting disclosures of planning assumptions means that the administration fails to contextualize its assumptions in financial planning and modeling and to justify its preliminary budgetary conclusions, even when the inclusion of such context and rationale could play a significant role in the budgeting process the Board undertakes.

Providing less for Board prerogatives during the year than is set forth in the Governance Investment Policy means not complying or only partially complying with the following investment requirements: training and retraining, outside monitoring assistance, financial audits, and outreach mechanisms.

Omitting disclosures of anticipated impacts of proposed budgets on students and taxpayers means that no information is provided throughout the budgeting process that accounts for the varied scenarios and their respective effects on estimated taxes and in relation to the services provided to students.

2. EVIDENCE OF COMPLIANCE

Financial plans and budgets never risk incurring those situations or conditions described as unacceptable in the board policy "Financial Conditions and Activities" as described below and the previously rendered report on the referred policy. All available Audited Financial Statements reviewed up to date and accepted by the Board demonstrate full compliance with these requirements. External audited statements, monthly and quarterly Financial Reports, Superintendent Board reports, Clerk and Secretary oversight, and multiple layers of internal accountability evidence the following for FY24:

1. No funds have been expended than have been received in the fiscal year to date.
2. No funds have been expended than have been budgeted.
3. Surplus revenues are not spent without Board approval.
4. Long-term reserves are used responsibly, transparently and by approval of the Board.
5. All accounting practices comply with Generally Accepted Accounting Procedures.
6. The WSD receives, processes, and disburses the organization's assets under internal controls that are sufficient to prevent and detect significant deficiencies or material weaknesses.
7. The WSD operates under internal controls that prevent and ensure against tardy, inaccurate, specious, or misleading financial reporting.

2. EVIDENCE OF COMPLIANCE

8. The WSD does not incur in debt in an amount greater than can be repaid by certain otherwise unencumbered revenues within sixty days without Board approval.
9. Interfund shifting does not occur in amounts greater than can be restored to a condition of discrete fund balances by certain otherwise unencumbered revenues within thirty days without prior Board approval.
10. Debts are settled in a timely manner.
11. Tax payments or other government-ordered payments or filings are filed accurately and before their respective due dates.
12. Receivables are consistently pursued after a reasonable grace period.
13. The WSD operates under internal procedures that detect, deter and prevent fraud.
14. The WSD does not accept non-resident students unless tuition is being paid by another Vermont school district or the state with the exception of students exercising board approved school choice programs.

Financial planning and budgeting never deviate from what is first listed in the Board's Ends Statement: WSD students graduating college and career ready, leading healthy, productive, and successful lives, and engaging with their local and global community. This Statement has been explicitly utilized as an authentic framework for measuring planning that is satisfactory to the Board and owners. The Ends Statement is part of every budget presentation to the Board and any other instance in which financial implications are possible.

Revenue and expense projections: Detailed revenue and expenditure budget reports are provided to the Board quarterly. The administration uses these reports to manage fluctuations from projections. Any expenditure or revenue problems would be highlighted for discussion. Recommendations would be made for dealing with severe expense or revenue issues.

- Separation of capital and operational items: The Capital Reserve Fund segregates from our operating account those funds being held in reserve for capital purposes. When the Board approves expenditure of some of those funds for specific projects, money will be transferred to the General Fund, from where it will be expensed.
- Cash Flow: The level of cash flow necessary for District operations is based primarily upon the timing of property tax payments from the City, received in October and April, and the Education Fund payments from the State in September, December, and April. The WSD Finance Manager works with the Superintendent to ensure that appropriate cash flow is in place to meet the needs of District operations.
- Disclosure of planning assumptions: The presentation of the annual budget by the Superintendent to the Board and community includes goals and budget assumptions, changes in staff and programs to enhance student learning, and the financial implications of the proposed budget scenarios.

2. EVIDENCE OF COMPLIANCE

Planning and budgeting are derived from a multiyear approach, accounting for pressures well beyond the current and consequent year and including historical trends, data, commitments, and conservative projections well into the future as evidence by the past 6 public budget sessions and all reports to date.

The administration provides more for Board prerogatives during the year than is set forth in the Governance Investment Policy and at minimum complies with the following investments: training and retraining, outside monitoring assistance, financial audits, and outreach mechanisms.

Disclosures of anticipated impacts of proposed budgets on students and taxpayers are constant, accurate, and always up to date with the best information available to the administration. Information is provided throughout the budgeting process that accounts for the varied scenarios and their respective effects on estimated taxes in relation to the services provided to students

Financial and budgeting plans incorporate projections that are carefully calculated with the only purpose of protecting the district's assets in the face of uncertainty. Expenses and revenues are properly categorized in such a way that the Board can realistically sense the operational health and capacity of the district differentiated from capital assets. The administration relays information regarding important assumptions in planning, especially when this information plays a significant role in the budgeting process and overall financial outcomes.

3. COMPLIANCE STATUS

I report Compliance.