

MEMORANDUM

TO: Board of Directors
FROM: Dr. Greg Baker, Superintendent
DATE: December 12, 2024
SUBJECT: Monitoring Report for EL -7, Budget Planning and Execution

I certify that the following report is an accurate summary of budget planning and execution as of and for the year ended August 31, 2024. The reporting period is from September 1, 2023 through August 31, 2024, which incorporates preparing the 2022-23 year financial report, implementing

Our budget preparation process comprises numerous steps that secure resources and aid in establishing accurate and representative budgets. We use these processes to provide as reliable revenue and expenditure projections as possible, and we regularly review outcomes to evaluate accuracy. Throughout the budget development process, the district engages key stakeholders using multiple means to communicate with and solicit information from them. The 2024-25 budget process began in late fall 2023 and concluded with the board's formal budget adoption in August 2024.

Securing Resources for the District

The district has multiple efforts that are directed toward securing resources. These include the following:

- Applying for grants – grants are an important source of funding for certain work and a seed for some new work. Accordingly, with the support of two part-time grant writers, staff throughout the district continue to apply for grants. Having focused staff members allows the district to identify and apply for larger, multi-partner, multiyear grants. These staff also provide support to those who manage grants, such as preparing budget amendments, annual reports, resubmissions and answering questions. Over this support has increased along with the number of grant applications. All grant activity that goes through the district grant writers is tracked; however, grants are also completed by school staff on an individual basis.

The tracked grant activity for the last eleven years is as follows with grants counted in the year (July 1 – June 30) they were received:

8	5	2013-2014	\$ 1,824,244
39	18	2015-2016	\$ 479,474
28	18	2017-2018	\$ 767,816
43	23	2019-2020	\$ 430,145
56	31	2021-2022	\$ 2,958,492
58	53	2022-2023	\$ 4,043,039
7	52	2023-2024	\$ 4,743,115

For the 2023-24 school year, BPS employed two grant writers at 0.74 FTE combined. Over the past 11 years this team has secured over \$20 million of targeted funding to fill opportunity and achievement gaps. During the 2023 school year, they worked on 85 grants (more are considered than end up being submitted) bringing from state and federal applications to local community and legislative supports.

Notable new funding sources last year include:

- 2024 Washington State Supplemental Capital Budget grant to support facility renovations at Options High School to build BPS' first school-based health center. This was part of a request led by Community Health Plan WA on behalf of a statewide coalition of school-based health centers.
- Refugee School Impact program grant to support in-school tutoring and orientation for students newly arrived from other countries.
- EPA to support wildfire preparedness efforts at our 28 facilities.

During the 2023-24 school year BPS received significant grant awards in the following areas:

- **Teaching & Learning:** BPS secured 11 grants totaling over \$314,000 that primarily supported staff professional development in new and expanding programs including:
 - Financial Literacy funds supported professional development and lesson planning for middle and high school teachers related to state mandated instruction on financial literacy topics.
 - Health Sciences Program allowed BPS to develop curriculum and re-Launch "Introduction to Health Sciences Careers" at Options High School, provide staff with professional development including site visits to other schools, and student field trips to health care facilities.
 - Bike education includes professional development for elementary physical education teachers and a multi-week bike education program funded through the Washington State Climate Commitment Act.
 - Language Access funds supported the role of a language access coordinator to provide assistance to students and families in need of language services for essential information and the implementation of live translating devices as language access tools at school buildings.
- **Sustainability:** BPS secured five grants totaling over \$3.3 million to reduce our environmental impact and shift the habits and culture of students and staff. These federal and state funds will support the implementation of BPS' new Climate Action Plan and include funding related to facilities and operations as well as teaching and learning

rooftop solar learning lab at Options that will connect to a new CTE pathway related to renewable energy.

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- State formula funds

Revenue	Driving Factors	Processes	Resources & Tools
Other State Revenues	# of meals served	Food services revenue is estimated by evaluating anticipated meals served using the prior year performance as a base. For 2025, the district will offer free meals to all students at 13 schools. This is allowed under the CEP (Community Eligibility Provision).	• Estimated from historical averages and information available on new and continuing grants
	Mileage, Ridership and prior year expenditures	Transportation revenues are based on historic performance levels of our transportation services	BT b(i)11u(n)14.8m(i)-0.6b year schoolsn ioiomseh (l)-4.6 ()10.9bu()10.8 (s)-2.3 m(t)6.3 (i)-4.6 (l)-4.6 (913.2 (c)-

Expenditures

- Staff compensation and benefits rates in the budget are established collaboratively between finance and human resources staff. These are based on negotiated agreements, state schedules and (health insurance, pension) and average current staffing placement in staff schedules (step increases for education and experience – often referred to as the scatter grade). For 2024-25, the state legislature applied a 3.7% inflation rate to salary allocations. This increase in salary costs is partially funded through the increased state allocation for staffing and partially funded through local and other funds. Throughout the budget process, staff cost information is monitored for collective bargaining agreements. The budgets will be adjusted for bargains that are settled after the budget has been completed if costs exceed the contingency amount included in the budget (March through June).
- Staffing represents the district's major expense and the district utilizes position budgeting, wherein all the staffing positions in the district are identified with subtractions and additions from current levels considered as part of the budget process. These positions are then built into the budget and the cost of staffing calculated based on staff. Accordingly, staffing levels are rolled back to the current year budgeted staffing levels with adjustments made for permanent staffing changes made during the current, this is called the current level. District leadership meets to review all staffing changes made during the year and assess whether they are continuing or not (March).
- Fund balance reserves are maintained at levels considered prudent financial practice such as: keeping a general minimum level of fund balance (policy 6022), supporting potential d /

- January-February 2024: Principals and district leaders submit requests for changes in spending in the coming year. These ~~above~~ baseline requests (ABL) are generally increases from current funding levels, as well as budget reduction proposals.
- January – May 2024:

2. The superintendent shall not fail to:

a. Present an annual budget aligned with board ends policies that is understandable by the board and the community.

i. that presents all material budgetary assumptions;

In compliance

ii. explains how new, expanded, or eliminated budget initiatives

Communicating about the budget with all stakeholders

Communications regarding Bellingham Public Schools [Budget Development Process](#) are posted and maintained on this webpage. Some highlights are included. Throughout the process of putting the budget together, the district gathers feedback from stakeholders, holds meetings and conducts a public hearing to ensure that the budget reflects The Bellingham Promise. Processes for engaging with and invitation for input from stakeholders within the district, such as district leadership building and department leaders, and use of external input are described in more detail above under processes to develop the budget. The superintendent and leadership team regularly communicate with staff and community to ensure that the process is understood and engaging. [Priorities for Progress](#) reflects the final budget and its alignment with The Bellingham Promise

Comparison with Similar and Highly Effective Organizations

The district is committed to preparing and presenting the budget in accordance with highly effective practices. The [final budget](#) was developed to reflect the baf-10 (e)4 (T)1 (he)4 (di)-(di) (af-

- b. timely advise the board of:
 - i. actual or anticipated material deviations in the adopted budget

In compliance.

The board receives monthly budget status reports for all district's funds, by major spending categories. These include summaries of budget, fund balances, tracking of tax receipts and a narrative summary of the status of funds. Additionally, the superintendent is in frequent contact with members of the board to keep them informed of material deviations. There are no known material deviations that were not shared with the board.

Internally, district staff monitor actual revenues and expenditures in several ways. Revenues are tracked through enrollment state apportionment reports, and local tax collections are reviewed against budget and historic patterns. Federal revenues and grants are managed separately through a combination of finance and members of the instructional and operations teams who are operating the programs. The increase in grant funding brings with it new resources for programs, challenges in tracking, reporting and billing. Finance, program directors and the grant writers work closely to ensure all grant requirements and deadlines are met.

Expenditures are reviewed monthly in Finance staff review actual spending levels with department leaders. Before warrants are submitted to the board for approval, they are audited and certified by the district's appointed auditing officer in accordance with [Polity 6215](#). Human resources staff monitor all staffing changes to ensure that additions to positions are approved in the budget (position control). Any changes to budgeted spending levels must be approved by the superintendent and are monitored by both Human Resources and Finance during regular department meetings.

- ii. changes or conditions that reasonably are expected to materially affect the district's financial condition ;

In compliance.

The superintendent is in frequent contact with members of the board to keep them informed of changes or conditions that reasonably could be expected to materially affect the district's financial condition in the current year or foreseeable future. During the 2023-24 year there were no budget revisions or known changes or conditions that reasonably could be expected to materially affect the district's financial condition in the current fiscal year or the foreseeable future. In other words, all changes or conditions that could be expected to materially affect the district's financial condition were shared with the board in a timely manner.

iii. material variances in the budget

In compliance.

The board is advised of material variances in the prior year's budget to actual expenditures through the monthly budget status reports, the annual financial reports (F-196), of which the [audited 2022-23](#) is available and the 2023-24 unaudited has been completed and will be audited in January 2025, and other frequent superintendent contact with the board regarding emerging issues. There are no known material variances in the prior year's budget to actual expenditures that were not previously shared with the board.

The success of any one of these initiatives could have a positive impact and help to offset increasing inflation and our contractual compensation obligations. Other factors such as declining enrollment are further from our control, but we will continue to assess where we can find efficiencies to ensure we maintain the current level of service in future years

Long-term asset planning is evidenced in the district's ongoing work around facilities. This facility-related work is designed to ensure that the school facilities and instructional programming match the needs, demographics and residential patterns of the community, which are changing. The financial aspects of the currently approved bond and capital work is reflected in pages 128-136 of the 2024-25 budget report.

The district also engages in long-term planning of technology infrastructure and some capital items through the technology capital projects levy. In February 2024, the district's voters

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- d. Provide an affirmative (or negative) statement of the following:
i. The district received a clean audit opinion.

Affirmative.

For fiscal year 2022-23, the most recently completed and audited fiscal year, the district received a clean audit opinion from the state auditor's office. Once again, the auditors expressed an adverse opinion on the presentation of the financial statements under US generally accepted accounting principles (U.S. GAAP) and acknowledged that "the (State's) Accounting Manual does not require the district to prepare ... (such) financial statements." The audit covered the [financial statements](#) and [federal single and accountability audit reports](#). The district has not had any external audit findings for 19 consecutive years (2008 through 2022-23). The audit of the 2023-24 fiscal year is anticipated to begin in early January 2025.

Comparison with Budgeting by Similar and Highly Effective Organizations

None noted.

Learnings

The Finance team has developed strong relationships with the local audit team and actively seek and collaborate with other resources including fiscal staff from NWESD189 and finance teams from peer districts to help guide our work and ensure compliance with internal controls and best practices.

Statement of Compliance: The superintendent is in compliance with **EL**.