

Finance Department Board Report April 2026

Health Insurance Plan Review

The Finance Department continues to research and evaluate the financial and operational considerations of various health insurance plan options. Finance met with the HR Working Group to hear employee concerns and receive updates from USI regarding available programs and implementation considerations. Based on those discussions, current enrollment timelines, and the logistical requirements associated with implementation, a recommendation has been submitted to the Superintendent for review and consideration.

Cash Reconciliation

Cash reconciliation efforts remain ongoing and continue to require significant staff time. Progress continues to be made, and the department anticipates having updated processes established and reconciliation efforts substantially caught up by early June.

Grant Management and Budget Revisions

The department has completed and/or is actively working on the following:

- Title I budget adjustments and claims
- Title II budget adjustments and claims
- IDEA Flow Through revisions and claims
- CCEIS revisions and claims
- Flow Through Preschool revisions and claims

Community Eligibility Provision (CEP) Research

The district's CEP application is due this year for the next four year CEP cycle. Based on current enrollment data, Bayfield has experienced an increase in students qualifying for paid lunch status, which is projected to reduce annual meal reimbursement revenue by approximately \$15,000.

Finance is researching strategies to improve direct certification rates by identifying households potentially eligible through programs such as FDPIR and other qualifying assistance programs.

Finance Team Operations and Transition

The department's retiring finance team member has continued to assist with addressing a backlog of credit card reconciliations while also helping train the district's newest finance employee in Accounts Payable operations.

The district extends its appreciation for their years of dedicated service, persistence, and institutional knowledge. Their contributions to the district over the course of their career are greatly appreciated and will be missed.

Payroll and Benefits Administration

The Payroll Finance Assistant has updated and reconciled employee expense tracking within Skyward. In addition, the district's life insurance program is transitioning to the State/ETF portal, requiring significant employee data review and administrative updates to ensure compliance and continuity of coverage.

Staff salary increases totaling 2.63%, including steps and lanes, have been calculated and prepared for administrative review in anticipation of discussions with the Bayfield Education Association (BEA).

Referendum and Capital Project Update

The district continues to await final cost estimates related to structural repairs involving the roof and load-bearing wall. Current projected costs are estimated at approximately \$275,000.

Kraus-Anderson has identified several potential project reductions totaling approximately \$114,500, including:

- Removal of non-ADA required concrete work: \$20,000
- Removal of signage: \$3,500
- Removal of owner-supplied mural installation: less than \$1,000
- Removal of exterior painting: \$17,000
- Removal of interior painting: \$63,000

Finance is currently working with the district's Owner Representative to evaluate whether portions of the painting scope could be completed internally by the district maintenance team during summer operations to reduce project costs.

Additionally, contaminated soil was discovered during excavation activities and will require remediation and disposal. At this time, the contaminated material has been safely contained onsite, though final remediation costs remain unknown.

The project also requires construction of a pump room for the sprinkler system. Kraus-Anderson has agreed to construct the pump room at no additional cost to the district, representing an estimated savings of approximately \$65,000.

Please review the budget costs to date in the table below.

	Budget	Spent	Balance
DSGW	\$ 429,600.00	\$ 321,755.05	\$ 107,844.95
City Of La Pointe Building Permit	\$ 25,000.00	\$ 15,456.80	\$ 9,543.20
City Of Bayfield Building Permit	\$ 20,000.00	\$ -	\$ 20,000.00
Soils Testing	\$ 14,105.00	\$ -	\$ 14,105.00
Site Survey Pine Ridge	\$ 7,810.00	\$ 4,200.00	\$ 3,610.00
Abatement CESA 12	\$ 78,000.00	\$ -	\$ 78,000.00
Builders Risk CAN	\$ 12,500.00	\$ 3,523.00	\$ 8,977.00
Tech Equipment Camera's Card Read	\$ 15,000.00	\$ -	\$ 15,000.00
	\$ -	\$ -	\$ -
Contingency	\$ 237,498.00	\$ -	\$ 237,498.00
SUB TOTAL	\$ 839,513.00	\$ 344,934.85	\$ 494,578.15
Owner Rep Salary	\$ -	\$ 38,000.00	\$ (38,000.00)
Mini Storage Unit	\$ -	\$ 360.00	\$ (360.00)
Hunt Electric Bayfield Roof	\$ -	\$ 2,286.54	\$ (2,286.54)
KBK HVAC Bayfield	\$ -	\$ 5,611.70	\$ (5,611.70)
Ace hardware	\$ -	\$ 92.56	\$ (92.56)
Asbestos Remediation EST	\$ -	\$ 26,000.00	\$ (26,000.00)
KA Change Orders COR 3 and COR 04	\$ -	\$ 4,782.71	\$ (4,782.71)
Xcel Transformer	\$ -	\$ 2,727.99	\$ (2,727.99)
Strucutral Engineer & Northland Con:	\$ -	\$ 8,420.26	\$ (8,420.26)
New flooring for Kitchen ESTIMATE	\$ -	\$ 10,000.00	\$ (10,000.00)
Soil Remediation and Disposal ESTIM	\$ -	\$ 100,000.00	\$ (100,000.00)
STRUCTURAL REPAIRS ESTIMATE	\$ -	\$ 275,000.00	\$ (275,000.00)
	\$ -	\$ -	\$ -
SUB TOTAL	\$ -	\$ 473,281.76	\$ (473,281.76)
Totals	\$ 839,513.00	\$ 1,163,151.46	\$ 21,296.39
Blue Line Items = Costs outlined in Kraus Anderson Budget			BUDGET OVERAGE to date
Green Line Items = costs not accounted for in soft cost budget provided by KA			\$ (235,783.76)

Audit Preparation

Year-end audit preparation work has begun. The entire finance team is participating in weekly year-end preparation and audit training sessions to strengthen readiness and improve audit processes.

Budget Development

Budget planning for the upcoming fiscal year is underway with several departments. Progress remains slower than typical as the finance team continues balancing day-to-day operational demands, backlog recovery efforts, training of new staff, and transition work while moving toward a more proactive operational posture.

Future Work and Department Priorities

The Finance Department plans to collaborate and cross-train with a neighboring district in the coming months to improve utilization of current software systems and increase operational efficiency.

Additional goals include:

- Increasing financial literacy across the district
- Improving employee access to financial processes and tools
- Expanding internal staff training and support resources
- Developing job aids and standardized procedures
- Preparing for district-wide rollout and training during August 2026 in-service

Upcoming priorities include:

- OPEB Valuation
- Grant claiming and budget revisions
- Payroll processing
- Accounts payable and receivable processing
- Audit preparation and financial cleanup
- Continued cash reconciliation
- Budget development

Context for Current Financial Operations and Budget Development

I would like to provide additional context regarding the current state of the district's finance operations and the concerns raised about the absence of a finalized and fully refined budget for the upcoming year.

First, I want to acknowledge that the Board's expectation for a clean and complete budget presentation is both reasonable and appropriate. At the same time, it is important to recognize the extraordinary operational circumstances that have led us to this point and continue to impact the department's capacity.

Over approximately a 14-month period, March 2025-April 2026, the district experienced a level of staffing reduction within the finance department not seen in more than 15 years. During that time, long-tenured staff members departed in rapid succession, resulting in the abrupt loss of institutional knowledge, operational continuity, and established workflows without the benefit of a structured transition process.

Prior to these staffing changes, several longstanding operational and compliance issues had already begun to surface. These included deficiencies in state reporting, employee benefit administration, COBRA eligibility reporting, W-2 and 1095 reporting concerns, reconciliation inconsistencies, and the absence of clearly documented systems and standard operating procedures. As additional review has occurred, further issues have been identified, including reporting discrepancies and compliance matters dating back several years.

When the new finance manager assumed the role, the department was operating with historically low staffing capacity and minimal transition support. Within a short period of time, the office moved from a long-standing experienced team structure to effectively a single remaining employee with limited visibility into the full scope of district financial operations.

As a result, the current finance team has had to simultaneously:

- learn and stabilize day-to-day operations,
- identify and correct inherited reporting and reconciliation issues,
- build processes and internal controls,
- respond to compliance concerns,
- and maintain ongoing district financial functions during a period of significant organizational change.

This work has included addressing historical reporting deficiencies involving employee benefits administration, IRS and state compliance matters, WRS reporting corrections, and reconciliation practices that lacked sufficient supporting systems or documentation.

The absence of a formal knowledge-transfer process significantly increased the difficulty of this transition. Experienced employees cannot be replaced on a one-to-one basis

without substantial onboarding, training, and operational transition support. Rebuilding institutional knowledge and creating sustainable systems requires time, particularly when many processes previously existed primarily through historical practice rather than documented procedures.

Despite these challenges, meaningful progress has been made.

The finance team has continued working to stabilize operations while implementing improved controls, reconciliation systems, documentation practices, and more transparent financial processes. The department is actively developing standard operating procedures and user support materials to improve consistency, efficiency, and district-wide financial literacy.

Additionally, the team has begun participating in professional development and collaboration opportunities with neighboring districts and Skyward training resources in preparation for future system modernization and required software transitions. These efforts are intended not only to address immediate operational concerns, but also to build a stronger and more sustainable financial infrastructure for the district moving forward.

It is also important to recognize that these rebuilding efforts are occurring during a period of significant district activity, including a referendum process, changes to long-standing health insurance structures, staffing turnover, and onboarding of an almost entirely new finance team.

The current team remains committed to improving operational efficiency, financial transparency, compliance, and long-term organizational stability. While recovery from years of unresolved process and staffing challenges cannot occur immediately, the district is moving in a positive direction with a team committed to building stronger systems for the future.

I remain optimistic about the progress being made and the opportunity to continue strengthening financial operations, processes, and fiscal literacy across the district.

Respectfully,

Finance Manager Bayfield School District