

Central Linn School District  
331 E Blakely Avenue, Brownsville

School Board Work Session  
February 23, 2015 – 6:00 p.m.

Board Members Present:

Mark Penrod, Eric Gerber, Chris Wyne, George Frasier, DeeDee Thomas, David Goracke.

Budget Committee Members Present:

Kaye Fox, Carolyn Jackson, Willie Tenbusch

Employees Present:

Brian Gardner, Superintendent; Celeste Van Cleave, Deputy Clerk; Susan Beaudin, Board Secretary

Others:

Jennifer Johnson

The purpose of the work session was to provide school board members with a clearer understanding of fund accounting. Budget committee members were invited to attend.

Ms. Van Cleave began by reviewing funding timelines for each funding year of state school support. The first step in December 2014 is to submit Estimate of Membership and Revenue, reporting predicted ADM (average daily membership) and local revenues for the following year. This estimate is due December 15, yet audit figures for the previous year are not due until December 31st. In other words the state is asking for estimates for the next year when they haven't yet seen results from the previous year. Statute requires Oregon Department of Education (ODE) to provide the first 2015/2016 estimate by March 1<sup>st</sup>. In July, 2015/16 estimates from ODE are adjusted for any changes as a result of legislative action. The 2015/16 ODE estimates provided are required by February 2016 statute to be adjusted for December to June ratio. Finally, in May 2017, reconciliation for the 2015-16 funding year, using final ADM and audited financials, is complete. Total funding year process is two and a half years from start to finish.

She next reviewed State School Funding components and where local revenue is collected from: Property Taxes, Common School Fund, State Managed Timber, Transportation Grant (70% reimbursement), Teacher Experience Adjustment, High Cost Disability Grant and Extended ADMw. Ms. Van Cleave noted that for every local dollar the district receives the state reduces the amount they pay the district.

ADM Factors - Discussed the difference in enrollment numbers between current year and prior year. As we have seen a loss in ADM since last year our state school fund could be adjusted by \$220,000 this year or the state could wait and make the adjustment next year. She explained ADM comes from the district tracking student attendance, ESL, Pregnant and Parenting (students in the program), IEP students, Poverty (County factored), students in foster care; and the small high school correction.

Fund Accounting - Using the example of 100.1131.0111.004.050.042, the structure of this account code was divided and explained: 100 is the Fund, 1131 is the Function, 0111 is the Object, 004 is the Location, 050 is the Area and 042 is the Subarea.

Fund Types: 100 - General Fund; 200 – Special Revenue (Federal and Reserve); 300 – Debt Service; 400 – Capital Projects; 500 – Enterprise Funds; 600 – Internal Service; 700 – Trust & Agency funds

Revenue Types: 1000 – Local Revenue; 2000 – Intermediate Sources; 3000 – State Sources; 4000 – Federal Sources; 5000 – Other Sources

Function Types: 1000 – Instruction; 2000 – Support Services; 3000 – Community Services; 4000 – Facilities Acquisition & Construction; 5000 – Other; 6000 – Contingencies; 7000 – Unappropriated Ending Fund Balance

Object Types: 100 – Salaries; 200 – Associated Payroll costs; 300 – Purchased Services; 400 – Supplies and Materials; 500 – Capital Outlay; 600 – Other; 700 – Transfers; 800 – Planned Reserve

Area Types: 050 – General Classroom Instruction; 100 – English; 110 – Social Studies; 120 – Science; 130 – The Arts; 180 – Math; 190 – Health; 200 – PE; 210 – Second Language; 260 – Technology; 320 – Special Education; 520 – Business and Management; 560 – Natural Resources

Ms. Van Cleave explained the fundamentals of fund accounting relating to revenue and expenditures. These are not comingled and explained how they are tracked separately. Explained transfers as dollars being the same, they just move pots. An example was taking a roll of money from Pot #1 say General Fund Revenue and transfer by general fund expense to Pot #2 Special Revenue. You should recognize that it is not new revenue in the Special Revenue Fund, it has just been moved. Total budget revenue includes transfers. The only way to view true revenue is to view actual cash collected.

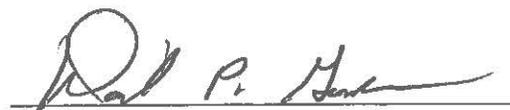
Briefly, described budgeting as using account structures to build the budget assigning dollars to specific accounts. The district appropriates (authority to spend) at the function level. A budget is adopted by June 30 of each year. Changes to budget after July 1, require a supplemental budget. Explained how to read GL detail and monthly revenue and expenditure reports provided to the Board.

The cash relation to budget was explained as expenditure authorization is limited by appropriation, not solely cash. The district uses the accrual method of accounting. State School Fund payments are made throughout the year from July through May; the majority of tax receipts are received in the months of November and December yet some of the district's largest expenses come in June when district receives basically no revenue. To receive federal funds the district must first submit a budget narrative to Oregon Department of Education and account for how every dollar will be used. Once the budget narrative is approved, federal claims can be submitted for reimbursement.

Governmental fund accounting, although complicated is mandated by state budget law.

Meeting adjourned at approximately 7:20 p.m.

  
Susan Beaudin, Board Secretary

  
David Goracke, Board Chairman

3-9-15  
Date