

TSCC Budget Review 2017-18

Corbett SD 39

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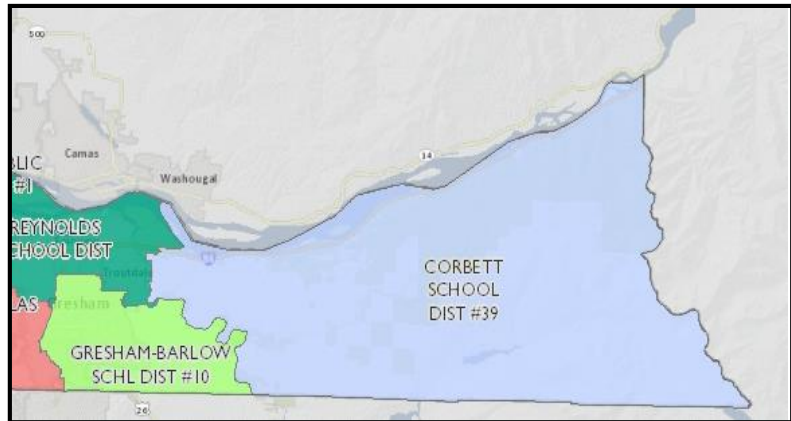
Reviewed by: Tunie Betschart

1. Introduction:

Corbett School District boundaries encompass approximately 96 square miles. It is a K-12 public school district located 20 miles east of Portland. The district serves the unincorporated areas of East County. The District operates on a four-day week schedule. The seven directors that govern the District serve without compensation. All are elected at large to four-year terms.

2. History:

The original Corbett School building was built in the 1920's. The District expanded over the years due to mergers and consolidations of other area school districts, including the Bonneville School District in July 1996. Education programs are conducted in one elementary school, one middle school and one high school.



District voters approved a \$6.85 million bond measure in 1994 for construction of a new elementary school, safety repairs and remodeling of existing facilities. That debt has been paid in full.

Corbett SD 39	2014-15	2015-16	2016-17	2017-18
Assessed Value in Millions	\$367.8	\$388.7	\$398.6	
Real Market Value (M-5) in Millions	\$443.3	\$517.1	\$559.5	
Property Tax Rate Extended:				
Operations	\$4.5941	\$4.5941	\$4.5941	
Debt Service:				
Corbett School District 1994	\$0.0000	\$0.0000	\$0.0000	
Corbett 1994 For Bonneville	\$0.0000	\$0.0000	\$0.0000	
Total Property Tax Rate	\$4.5941	\$4.5941	\$4.5941	
Measure 5 Loss	\$-61,231	\$-25,870	\$-20,268	
Number of Employees (FTE's)	97.0	100.0	102.44	105.57
Average Daily Enrollment – ADMr*	1,271	1,223	1,264	1,341
Weighted Enrollment ADMw*	1,546	1,398	1,438	1,506
* Latest May estimates from ODE web site				

3. Strategic Plan/Performance Objectives

The district does not present a strategic plan in its budget document. But we know that for several years its primary focus has been on passing a bond, the purpose of which is to bring its facilities up to modern standards. The district believes this is a critical necessity for delivering a high quality education for its students. To that end they are looking to purchase Reynolds School District property located on Woodard Road. This budget includes debt service on approximately \$3 million worth of loans to purchase this property.

The focus of the 2017-18 budget is adjusting to inadequate current and future revenues. The district has identified \$430,000 in cuts for FY17-18, 3% of current year budgeted expenditures.

4. Budget in Total

Resources:

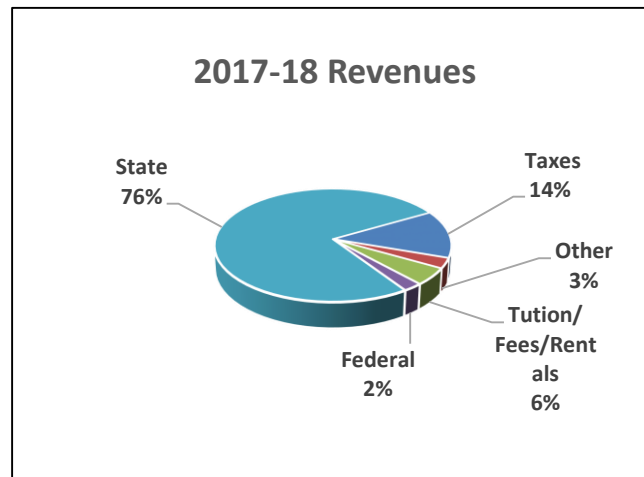
The budget was prepared using State of Oregon Budget of \$8.1 billion for the biennium with a split of 49% in the first year and 51% in the second. The State Funding will increase 14% with this budget.

Every school district receives State School Funding according to a funding formula that designed to equalize funding. The formula takes into account the total number of:

- Students,
- Children in poverty,
- English Second Language students, and
- Students with an IEP.

Combined with other considerations, this information generates a weighted average which is used to determine the state allocation.

The district will be adjusting the enrollment projections to reflect actual enrollment to date, as well as projected enrollment due to incoming kindergarten students and incoming open enrollment students.



Corbett School District Total Resources					
(\$ Thousands)					
	2014-15	2015-16	2016-17	2017-18	% Chg
Property Taxes	1,603	1,720	1,756	1,729	-2%
Tuition/Fee/Rentals	463	485	620	630	2%
Federal	359	372	418	308	-26%
State	11,776	7,925	8,478	9,659	14%
Other	341	533	255	375	47%
Subtotal Revenue	14,541	11,035	11,527	12,701	10%
Fund Transfers	269	157	131	270	106%
Beginning Fund Balance	1,107	3,315	1,521	1,419	-7%
Total Resources	15,917	14,507	13,180	14,390	9%

Tuition includes \$155,000 in “Fee-for-Service” Pre-School option which is offered out of the grade school building. Early predictions are there will be more demand for this service than slots available.

Requirements:

Corbett School District Total Requirements					
(\$ Thousands)					
	2014-15	2015-16	2016-17	2017-18	% Chg
Personnel Services	9,069	9,639	9,467	9,884	4%
Materials & Services	2,766	2,032	2,185	2,122	-3%
Capital Outlay	277	224	77	235	205%
Debt Service	217	260	259	591	128%
Subtotal Expenditures	12,329	12,155	11,988	12,832	7%
Fund Transfers	269	157	131	270	106%
Contingencies	0	0	500	500	0%
Ending Fund Balance	3,319	2,195	560	788	41%
Total Resources	15,917	14,507	13,180	14,390	9%

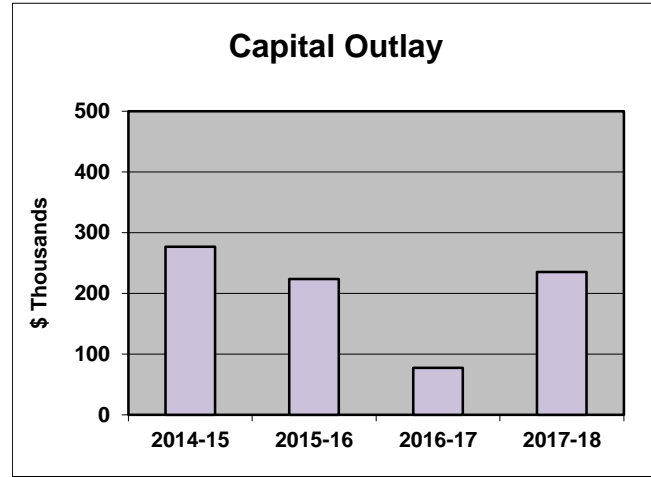
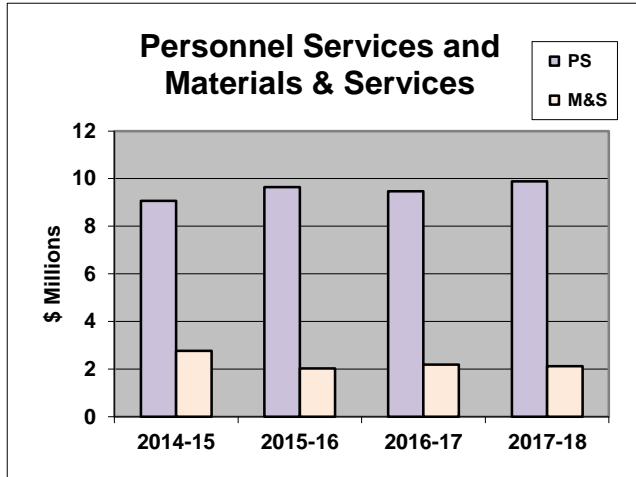
After last year’s cuts, expenditures in three of the four expenditure object classifications will increase. Personnel services are increasing over \$417 thousand or 4%. Capital Outlay will see an increase of \$158 thousand or 205% due in part to anticipation of the purchase and renovation of the Reynolds property mentioned above. Also included in this is \$85 thousand set aside for replacing outdated equipment such as tractors, mowers and the fire alarm system in the gym. In contrast Materials & Services expenditures are decreasing \$63 thousand or 3%.

The school district is making cuts to its budget in order to offset anticipated expenditures with anticipated resources. The Superintendent’s Budget message includes the following reductions which total around \$430,000:

- Eliminate one aid from the grade school
- Eliminate on lunch eligibility officer/office staff from the grad school building
- Eliminate one aid from Caps
- Eliminate paid middle school coaches while retaining middle school travel and other sports related costs
- Eliminate \$93,000 from student service cuts to be determined by student services director
- Eliminate 4 days of school at a cost of \$160K or \$40K each day

Personal Services costs per full time equivalent position are \$93,247.

Corbett School District				
Personnel Services Costs				
	2014-15	2015-16	2016-17	2017-18
Personnel Services	\$ 9,069,320	\$ 9,638,669	\$ 9,466,630	\$ 9,884,203
FTE	97	100	102	106
Personnel Serv Cost Per FTE	\$ 93,498	\$ 96,387	\$ 92,810	\$ 93,247
Percent change		3%	-4%	0%



5. Analysis of the General Fund

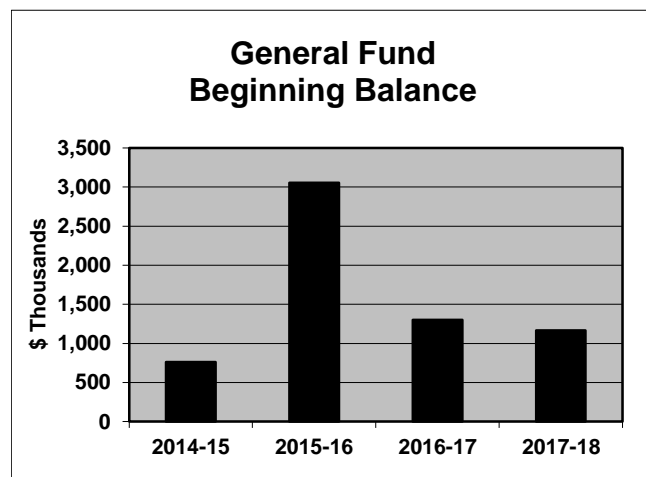
Resources:

The General Fund is the district's day-to-day operating fund. This fund increased \$1.2 million (10%). The increase is due to increased revenue for the State School Fund, Tuition, Common School Fund, and miscellaneous revenue.

The following chart shows Beginning Fund Balance for two actual years (2014-15 and 2015-16) as well as what the district is budgeting for the current year and the upcoming 2017-18 fiscal year.

The District is expecting to begin the 2017-18 year with slightly less (\$103K) than the current year as the Current year (2016-17) expenditures will exceed current year revenues by about \$132 thousand.

Although a slight decrease from the current year, the 2017-18 budgeted level of \$1.2 million is a substantial decrease from 2015-16's actual number of \$3.1 million.

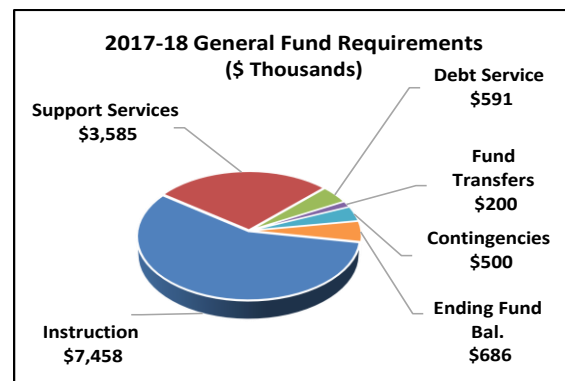
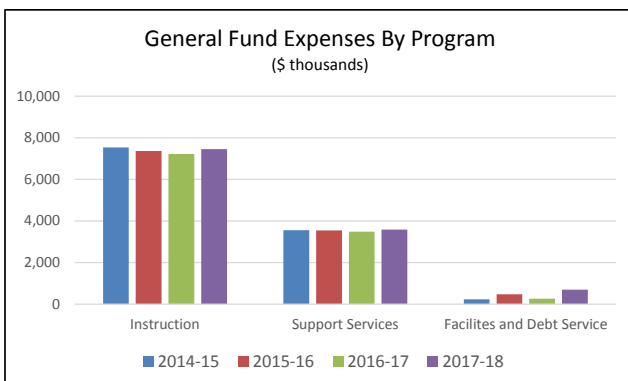


General Fund Resources				
(\$ thousands)				
	2014-15	2015-16	2016-17	2017-18
Property Taxes	1,586	1,713	1,756	1,729
State School Fund	11,640	7,758	8,349	9,497
Tuition	177	172	140	155
Rents	5	4	3	3
ESD	120	180	190	190
Common School Fund	132	162	123	158
Federal	13	4	0	0
Other	173	297	26	129
Interest	13	21	13	30
Fund Transfers	14	22	71	70
Sub-Total Resources	13,873	10,333	10,671	11,961
Beginning Fund Balance	760	3,052	1,300	1,168
Total Resources	14,633	13,385	11,971	13,129

Requirements:

The General Fund requirements are increasing from \$12 million to \$13 million, or 10%. This is due in part to an increase in debt service from \$259 thousand to \$591 thousand. Also the total transfers to other funds from the General Fund increased considerably from \$60 thousand to \$200 thousand, with Food Service Fund receiving \$165 thousand.

General Fund Requirements				
(\$ thousands)				
	2014-15	2015-16	2016-17	2017-18
Instruction	7,536	7,362	7,216	7,458
Support Services	3,557	3,543	3,484	3,585
Facility Acquisition & Construction	12	212	0	110
Debt Service	217	260	259	591
Fund Transfers	255	135	60	200
Contingency	0	0	500	500
Ending Fund Balance	3,057	1,873	451	686
Total Requirements	14,633	13,385	11,971	13,129



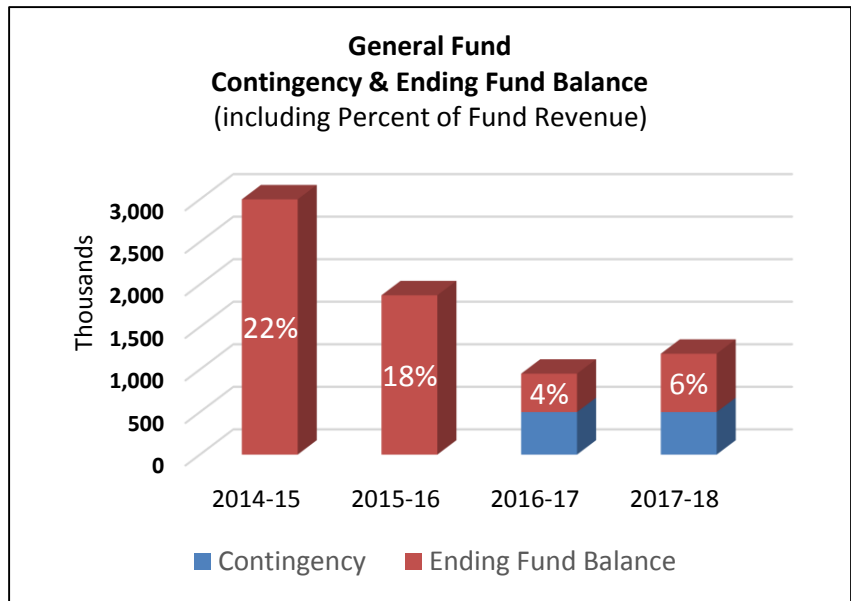
General Fund Personnel Services are increasing \$402 thousand or 4%.

Materials and Supplies which includes purchased services is reduced by \$39 thousand. Line items such as reimbursable student transport (-\$20 thousand), architect/engineer (-\$15 thousand), travel (-\$11 thousand) and other property services are all reduced compared to the current year.

In order to have adequate funds in the second year of this states biennial budget, and for unanticipated costs associated with purchasing and renovating the Reynolds Property the District has increased the Ending Fund Balance in this budget.

This Contingency/Fund Balance combination is 6% of the General Fund which is a 52% greater than in the previous year.

The combined Contingency and Ending Fund Balance of \$1,186 thousand is 2% more than the planned Beginning Fund Balance.



General Fund Requirements (\$ thousands)				
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6. Analysis of other Funds

The district records Resources and Requirements in seven additional funds. Another fund, Early Retirement Fund, has neither resources or requirements budgeted in either budget year and is included in the budget for historical purposes. Below is a table showing all other funds, including total revenue, beginning fund balance, total revenue as well as expenditures, ending fund balance and total requirements.

Corbett School District Summary of Other Funds						
	Revenue	BFB	Total Resources	Expenditures	EFB	Total Requirements
Food Services Fund	325	44	368	366	2	368
Federal Program Fund	228	0	228	228	0	228
Student Body Trust Fund	400	86	486	400	86	486
Bus Replacement Fund	0	1	1	0	1	1
Capital Improvement Fund	35	50	85	85	0	85
Debt Service Fund	0	45	45	45	0	45
Energy Projects Fund	23	25	48	35	13	48
Total Other Funds	1,010	251	1,261	1,159	102	1,261

7. Debt Status:

Outstanding Debt				
Corbett SD #39	6/30/2014	6/30/2015	6/30/2016	6/30/2017 est.
QSCB	705,000	1,000,000	1,000,000	1,000,000
Small-Scale Energy Loan	513,137	480,563	446,875	411,944
OSBA	705,000	665,000	625,000	585,000
Total Debt Outstanding	1,923,137	2,145,563	2,071,875	1,996,944

In 2001, the District took out an Oregon School Boards Association (OSBA) Flex loan for \$250 thousand for major maintenance projects. Three loans were taken out in 2012: a \$1 million Qualified School Construction Bond (QSCB) to renovate the Springdale School, a \$583 thousand loan from the Small-Scale Energy Loan Program (SELP) and an additional \$650 thousand to be used to finish renovations to the Springdale School.

8. Is the Budget in sync with Strategic Plan/Performance Objectives

As stated in section 3 above, the budget is in sync with the District's immediate needs: trimming expenditures to remain within anticipated revenue levels, as well as setting aside money to purchase educational space to house students that is seismically safe as well as fire, life and safety compliant.

9. Local Budget Law Compliance

Yes	No	Compliance Issue (If not in compliance, explain below)
X		1. Did district meet publication requirements?
X		2. Do resources equal requirements in every fund?
NA		3. Does the G.O. Debt Service Fund show only principle and Interest payments
X		4. Are contingencies shown only in operating funds?
X		5. Did budget committee approve the budget?
X		6. Did Budget committee set the levy?
	X	7. Does audit show the district was in compliance with budget law

10. Highlights of the 2017-18 Budget to be published in TSCC Annual Report:

- The total budget increased \$1.2 million or 9%.
- The General Fund increased 10%, from \$ \$12.0 million to \$13.1 million.
- This budget includes loan costs associated with the anticipated purchase and renovation of Reynold's School District property located on Woodard Road.
- In order to balance the budget the District will eliminate three positions and the paid Middle School Coaches.
- The District will eliminate 4 days of school.

Local Budget Law Compliance:

The 2017-18 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for fiscal year 2015-16 notes an over-expenditures in excess of budget allocations in the Federal Programs Fund in 2015-16.

The following recommendation will be included in the certification letter:

Certification Letter Recommendation:

The Commission hereby certifies by a majority vote the following recommendation with regard to the 2017-18 budget which will require a written response.

Recommendation – Expenditures Exceeded Appropriations

The audit for the year ending June 30, 2016 noted the following over-expenditures:

Federal Programs Fund:	
Instruction	\$4,367

Local Budget Law does not allow the expenditure of monies beyond the legal authority. It is recommended that written financial policies and procedures be in place so that regardless of personnel all funds are closely monitored throughout the year to ensure appropriation authority is in place prior to expending monies.