

TILLAMOOK SCHOOL DISTRICT #9
2018-2019
BUDGET MESSAGE

Tillamook School District No. 9, Tillamook County, Oregon, was organized under the provisions of Oregon Statutes pursuant to Oregon Revised Statutes Chapter 332 for the purpose of operating elementary and secondary schools. The annual budget is prepared pursuant to Local Budget Law, addressed in Oregon Revised Statutes Chapter 294.

The accounts of the District are organized on the basis of funds. Each fund is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. The 2018-2019 Budget includes the following fund classifications:

100	General Fund	(pgs. 1-36)
200	Special Revenue Funds	(pgs. 37-88)
300	Debt Service Funds	(pgs. 89-91)
400	Capital Project Funds	(pgs. 92-99)
600	Internal Service Funds	(pg. 100)
700	Trust and Agency Funds	(pg. 101)

The District uses the Modified Accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, as well as expenditures related to early retirement and compensated absences, are recorded only when payment is due.

The **General Fund** provides K-12 programs, including instructional and support services, necessary to carry out the District's mission. **Special Revenue Funds** provide funds to enhance the quality of education. **Debt Service Funds** account for obligations resulting from bonds and notes to support facility improvements and PERS. **Capital Project Funds** are funds to provide the necessary facilities to meet the needs of the students. **Internal Service Funds** account for district activities where the reporting focus is upon determining net income, financial position and changes in cash flow (Group HRA). **Trust & Agency Funds** are assets held by the district as a trustee or agent.

Approximately 93 percent of General Fund revenue comes from the State School Fund (SSF). The SSF includes local revenues received for Ad Valorem taxes, State Managed County Timber, Common School Fund, and the State Transportation Grant, which reimburses the District up to 70% of its student transportation costs. The 2017-2019 Biennium State School Fund (SSF), signed by the Governor, is **\$8.2 billion**. The State usually funds the two years in a biennium at 49/51 (first year/second year) split to help cover roll-up costs in the second year of the biennium. However, this biennium the State used a 50/50 funding split. In an effort to reduce the negative impact caused by the 50/50 split, the District budgeted based on a 49/51 split between the two years of the biennium. This amounted to approximately \$630,000 in additional State School Funds collected in 2017-2018 that is used in the 2018-2019 Budget.

Funding from the SSF is based on a district's ADMw (Average Daily Membership "weighted"). This budget is built on a projected ADMw of **2,592.74**. The ADMw calculation is comprised of an estimated **2,165** ADMr (Average Daily Membership regular), then "weighted" by factors which offer additional funding per student in each of the following special needs categories: ELL (English Language Learners), students on IEP's, students in Pregnant/Parenting Programs, students in poverty, and students in foster care. Student enrollment has been on a steady increase since the 2013-2014 school year, increasing the district's ADMr by an average of 69.75 per year. Prior to the 2013-2014 school year, the district's ADMr was declining by about 20 ADMr per year. Because of the uncertainty of future year student count increases, the 2018-2019 Budget was built using the same ADMr as the actual ADMr for 2017-2018 school year.

General Fund revenues for 2018-2019 are budgeted at **\$26,942,096**. This includes \$20,675,436 in State School Funding, \$1,091,660 in other local and state funding, a transfer of \$450,000 from the Group HRA Fund (employee insurance premium pick-up) and a beginning balance (reserve) of \$4,725,000. Local revenue sources include interest earned, tuition reimbursements from other districts, indirect fees from grants, Medicaid reimbursements, facility rental fees, funds from Northwest Regional Educational Service District, funds from Tillamook Education Foundation, and a State grant for the Pre-School Program.

The 2018-2019 General Fund budgeted expenditures amount to **\$23,710,034**. Expenditures are appropriated for instructional services (\$13,678,792), student support services (\$9,000,437), community support services (\$10,000) and transfers to other funds (\$520,805). A contingency of \$500k is budgeted for expenditures which cannot be foreseen and planned due to an unusual or extraordinary event. Salaries and benefits make up 85.98% of the expenditures, 11.78% is for supplies, utilities, property insurance, etc., and 2.24% is transferred out to support other programs. Transfers include the following: \$20,805 Youth Transition Program; \$20,000 Food Service Program, \$25,000 Vehicle Replacement Program, \$400,000 Group HRA Insurance Fund, \$55,000 Debt Service Fund (Liberty Elementary School addition). Instructional services represent 58.93% of the total expenditures and 38.78% for support services.

The 2018-2019 Budget includes the addition of 6.8 full-time equivalent (FTE) Certified positions, and 7.0 FTE Classified positions. The District made a decision to add these positions in an effort to better meet the needs of its growing student enrollment. Certified positions are as follows: 1.0 FTE Elementary/Junior High Band/Choir Teacher; 1.0 FTE First Grade Teacher; 1.0 Junior High Math/Science Teacher; 2.0 FTE High School Counselors; .8 FTE Speech Language Pathologist; 1.0 FTE Special Education Teacher. The Classified positions include 5.5 FTE Special Education Assistants, .5 FTE Library Assistant, and 1.0 FTE Maintenance.

The estimated beginning balance in the General Fund for the 2018-2019 school year is \$4,725,000. As mentioned above, \$630,000 of this balance will be used in 2018-2019 due to the SSF 50/50 biennium split. An additional \$362,938 of the beginning balance (Reserve) is used to balance the 2018-2019 Budget, leaving an anticipated ending fund balance as of June 30, 2019, of \$3,732,062.

Special Revenue Funds (pages 37-88) are restricted for a stated purpose. These may be the result of education grants through the Federal and State governments, private donations that are to be used for a specific activity, or programs that are clearly identified as special purpose like Food Service, Trask River High School (YCEP Program) and Student Body Funds. Total appropriations are **\$7,387,162** and includes two new State funded programs: Fund 273 (pg. 71) Trauma Informed, and Fund 207 (pg. 44) Title 1V-A Student Support and Academic Enrichment. Other State funded programs added in 2017-2018 include Fund 229, ELL HB 3499 (pg. 56), which provides funding for the transformation of the District's English Language Learners Program; Fund 244, Outdoor School (pg. 64), which accounts for the funding under Senate Bill 439 to assist schools in providing Outdoor School; Fund 298, Measure 98 (pg. 85), which provides funding to increase high school graduation rates.

Debt Service Funds (pages 89-91) account for the accumulation of resources and the payment of a general obligation bond, a limited tax pension bond, and a note payable to Oregon Coast Bank for the addition of classrooms at Liberty Elementary. On May 16, 2017, the District passed a General Obligation Bond for safety and facility improvements in the amount of \$4,000,000 with a matching State grant in the amount of \$1,932,090. As of July 1, 2018, the District's total long-term outstanding liability is **\$19,151,662**. Debt payments in 2018-2019 amount to approximately \$3,159,039, and this includes the prepayment of the Oregon Coast Bank in the amount of \$240,000.

Capital Project Funds (pages 92-99) account for financial resources used to acquire, construct or replace/repair major capital facilities, technology hardware, equipment, vehicles and school buses. Total appropriated expenditures for capital improvements amount to **\$10,068,590**. This includes the following: \$800,000 Building Maintenance Fund; \$300,000 Technology Fund; \$180,000 Bus/Vehicle Replacement Fund; \$466,500 Construction Excise Fund; \$30,000 Athletic Field Fund; \$4,220,000 2017 Bond Fund; \$1,672,090 for the 2017 OSCIM Grant (Matching Bond Grant); \$2,400,000 in East School Gym Seismic Fund.

Internal Service Fund (pg. 100) is the District's Group HRA Insurance Fund. Due to the long-term trend in increased medical insurance premiums, higher deductibles, higher max out-of-pocket limits, and the impact of the Affordable Care Act, the District created a long-term strategy as a means to reduce and/or minimize the escalating medical costs for both the District and its employees beginning with the 2014-2015 school year. A Group HRA was created as part of this strategy. The District offers a lower premium, high deductible, high max out-of-pocket medical plan for all qualified staff. A Group HRA is utilized to reduce the deductible and the max out-of-pocket for each insured employee and their dependents. As long as the fund balance in the Group HRA is sufficient (per the terms of the Certified Negotiated Agreement), excess funds are to be used to decrease or eliminate employee premium costs. A transfer from the HRA Fund 601 to the General Fund of \$450,000 has been budgeted to help cover employee premium costs in 2018-2019.

Trust and Agency Fund (pg. 101) is the Charity Drive Endowment Fund. These are funds in excess of current needs and are held in trust for future use as determined by the District and the Charity Drive committee.

Total 2018-2019 Budget for all funds includes **\$45,043,825** in appropriations and **\$5,718,983** in unappropriated/reserves. Total budget **\$50,762,808**.

The District's goal is to strive for a balance between being good and conservative stewards of the District funds and providing the best possible education for our students as per the District's mission. The mission of the Tillamook School District is to prepare our students with academic, artistic, and social skills necessary to become positive contributors to a changing world.

Shannon Farrier
Finance Director
Budget Officer