

Cape Flattery School District No. 401

“A Teaching and Learning Community on a Quest for Excellence”

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Board of Directors **Work-Study Session**

Monday, July 21, 2008

District Office

6:30 p.m.

MINUTES

The meeting was called to order at 6:30 p.m. by Chairperson, Dudley Eubank.

Board Members Present: Dudley Eubank
 Greg Colfax
 Tracey Rascon
 Shirley Johnson

Dudley Eubank apologized for the confusion as to the scheduling of the work-study session last Wednesday night. The notice went out on July 8, 2008- so there was plenty of time to notify him of any necessary changes to the meeting. He mentioned that the call to request the meeting change came the morning of the meeting. Mr. Eubank emphasized the need to be hold the meetings on the regular schedule.

Superintendent Laes presented 4 out of the 5 funds (ASB, Debt Service, Transportation Vehicle Fund and Capital Project Fund). He mentioned that the budget for this upcoming school year has been the hardest budget in his 25 year career as a superintendent. Superintendent Laes went over the summary page of the budget. It outlines the projected revenues and budgeted expenditures for the upcoming school year for each of the 5 funds. He explained what the Board is actually authorizing is the expenditures in each of the funds.

Associated Student Body Fund- (ASB)

This fund is the one that has the biggest potential of causing audit exceptions due to the strict policies and laws that govern it. The revenues and expenditures are in control of the student body. Mr. Laes mentioned that the district did have an audit exception with the ASB at Neah Bay this past audit cycle. Receipts and paperwork were out of order and inventory could not be located. Control measures have been put in place to ensure proper

procedures are in place. The District will work with the ASB advisor, principal and student body to develop a detailed budget at each site.

Mr. Eubank asked if the principal is allowed to spend the money out of ASB. Superintendent Laes, explained that the student body approves expenditures. The District Office will work with the sites and will monitor the site ASB budgets carefully.

Mrs. Rascon asked why the fund is projected so high? Superintendent Laes explained that the capacity needs to be there in order to set up detailed ASB site budgets- including revenues and expenditures. The principals and advisors will be involved in the conversations. Mr. Laes believes that if an explanation is made to the persons involved the ASB will be accurate for details.

Mrs. Rascon asked if the students will have enough money in their budgets to travel to state competitions? Superintendent Laes believes there is plenty of money –based on the expenditure rate from last year. He did mention that the proposed projections will allow for a more accurate budget in future years because it will be more detailed.

Mrs. Johnson also asked about the booster club and who they would work with at the School? Superintendent Laes explained that the booster club is a separate entity and the funds should be kept separate. They can and should work with the administrator, ASB advisor, and District Office to ensure compliance with all laws. There are restrictions on how money can be raised- and the ASB must approve all fund-raising events and keep a record in the minutes. All expenditures must also be approved through the student body. Specific individual donations can be made and are approved by the Board of Directors.

Community Member- asked how much money is in ASB. Superintendent Laes believes that the ASB will end up with about \$45,000 between both schools. In the past there more fund-raising events have taken place. There has been a decrease in such events over the last several years. In the past the District has picked up some expenses that should have been paid for through the ASB. The auditor has pointed some of these out, and the District has had to shift the expenses back to the appropriate fund- which is ASB. Referees, uniforms, and some transportation costs must be paid for out of ASB funds.

Community Member asked about the “private” funds listed on ASB- 1. Mrs. Ritter explained that in some cases this could be scholarship money, a specific athletic club, etc. donated by a private fund. Most of the time this line item is used to allow for private scholarship money.

Community Member asked if the ASB is broke out by site. Superintendent Laes mentioned that the ASB budget has separate revenues and expenditures- based upon the individual site accounts.

Superintendent Laes mentioned that the budget document being looked at during this meeting is the same document that is presented by all 295 other school districts – regardless of whether they have 2 high schools or 10.

Community Members mentioned that Denny Hurtado and OSPI – were clear that the community is entitled to see the ASB budget broke out by accounting procedures.

Mrs. Ritter mentioned that the ASB gives students the opportunity to learn how to manage a budget. At their monthly meetings the student body approves or denies expenditures. The administrators don't spend or approve the expenditures. In Clallam Bay the secretary is Karen Dukes, and in Neah Bay it is Danielle Denney. It is a lot of money to be responsible for – thus the formalities. Each site keeps a written record of their expenditures and fund raising activities.

Ms. Johnson-mentioned the Board sign off sheet (presented at each Board Meeting) and asked if this would be helpful to the community to see site break-downs. Mr. Laes-believes they could be helpful. The codes are where people need to look to determine where the money is being raised and spent. Ms. Johnson, mentioned that the expenditures are brought to each Board Meeting so the Board can go through and look at the expenditures.

Mr. Colfax feels satisfied with the proposed ASB budget- and that the capacity is enough for the students to learn the budget process. He also mentioned that state travel comes through the ASB fund.

Superintendent Laes reiterated that all fund-raising that is generated, goes into the appropriate ASB site club that raises the money. Expenditures are approved by the student body and documented in their minutes.

Debt Service-

Superintendent Laes explained that the Debt Service is used only for payoff on the voted debt of the district. It includes the money collected through property tax. The district does not do the calculations on this- it is done by the bond counsel. The Debt Service covers the debt incurred to complete and build the Markishtum Middle School. That debt expires in 2 more years- which will free up that money for use elsewhere in the budget. Most school districts set up their bond debt over 20 years. This district chose to make the bonds callable at earlier times in order to reduce the bond debt sooner.

Where does the money come from to call the bonds earlier.

Superintendent Laes explained how the cost to property tax payers is determined. Several factors play into this. One of the biggest is the assessed valuation of the district. The assessed value changes from year to year. The assessed value is determined by the county assessor. If property value goes up, the district collects more property tax. If it goes down, then the district still has to cover its debt. Once the bonds are paid off the money is no longer collected. Bond indebtedness falls on the property owners. The only tax that this involves is property tax (not sales tax, or income tax etc).

Transportation

Revenues in this fund are generated from depreciation. The bus is purchased up front and the state pays depreciation. The District currently has 10 vehicles in its fleet- with a bus purchased every 2 years. This district has been fortunate in that, it has not had to run transportation levies as some district have in order to purchase buses. This fund can only be used for the purchase of yellow school buses, engines and transmissions.

A Community Member asked about the costs for fuel, mechanics etc.

Mr. Laes explained that the Transportation Fund can only be used for bus purchases. Fuel costs, employee costs etc. must come from the General Fund.

Capital Projects

Superintendent Laes mentioned that there are enough revenues in the fund to complete the remaining projects. The projects are listed on page 6 of the Capital Projects Fund.

Community asked about bleachers for NB.

Discussion was held regarding bleachers for both gyms.

Superintendent Laes mentioned that the dust collection system for the NB shop is not listed. A meeting has been held with a contractor- and the district is awaiting a bid. The contract for the concession stand will be awarded once the changes have been adopted. The changes that were made to the outside concession stand include raising the roofline and bleachers so that you can see over any one standing below.

Community Member asked if there was any in-kind donation from the Tribe for help with the rock to raise the building. Mrs. Rascon reports that she mentioned it but has not received a response.

Board took a quick break at 7:50 p.m. returned at 8:00 p.m.

General Fund

Mrs. Ritter presented a PowerPoint presentation on the General Fund. She explains that it is necessary to be accurate in enrollment projections, employee costs, and other expenditures. The administrative team- including the ASB advisors, athletic directors, principals, district staff, and students are all involved in the process. She proposes a year long budgeting process for the 2008-2009 school year. The proposed budgeting process will include a community needs assessment, staff needs assessment and input from the community and committees.

The goals for budgeting are: maintain a cash reserve, make decisions based on student needs, maintain staffing for student success, maintain technology, support professional development, ensure facilities meet the needs of the students, and maintain academic success.

The proposed General Fund is based on 422 student FTE.

Mrs. Ritter briefly shared information on the projected revenues including apportionment, I-728, LEA, E-rate, PAS funding, special education etc. As test scores go up, funding goes down.

Federal Impact- projected revenues is 1.3 million. Federal Impact is currently under reauthorization and attendance will be a factor. Superintendent Laes explained that in the past Federal Impact has been based on membership. Since attendance is now required for No Child Left Behind and Adequate Yearly Progress this requirement for Impact Aid will not negatively impact the revenues as it might have in years past.

Community Member requested clarification regarding Impact Aid and where it goes. Superintendent Laes mentioned that by law Impact Aid goes into the General Fund

Mrs. Ritter mentioned several of the grants that the district applies for. Some of the grants are site specific like; Title I, Title III, Title VII, Gear-Up, and Bilingual are all Neah Bay only. The LAP grant is used at both sites.

The Board requested to receive minutes from the individual committee meetings.

The Board and community asked questions about Food Service and Transportation expenditures.

Superintendent Laes explained where the revenues are generated for transportation, and food service. Transportation will only generate revenues from the mileage to pick up students and drop- them off. They will not pay for mileage for sports or extra curricular activities. Districts are not required to provide transportation. The state only reimburses for those students that live more than a mile from the school. Fuel costs are unbelievable right now. The district estimated expenditures at an increase of about 25-30% increase in fuel costs

As far as Food Service, the Tribe pays for the meals (for those who do not qualify for free or reduced) and extra items for enrolled Makah students. Food service is one of the areas that cost more than the revenues generated from all sources. The over expenditures, in Food Service, come out of the General Fund.

Mrs. Ritter also shared the proposed cost break-downs for each school and explained that capital outlay items are high cost and fixed items. She also shared overhead expenditures for the district. The overhead salary costs seem high- but Mrs. Ritter explained that these salaries include sick-leave buy-back, retirement, and all substitute costs for certificated and classified staff. The supplies listed in the District Office supplies are supplies not only for the office- but supplies district wide. These supplies include: test booklets for all assessments, technology costs, and textbooks, etc.

Contract Services- includes Running Start, Xerox costs, postage, motor pool, fuel, ESD contract services, legal services and *all utilities* for both ends of the district.

The Board and a community member asked about the alternative program. There is not an alternative program at Clallam Bay- and there are approximately 26 students in the alternative program at Neah Bay. Even though there are 26 students in the alternative program, the district can only count the actual time the student spends in the school- which at last count was approximately 13 FTE.

Mrs. Ritter answered questions about the general fund.

Community Member would like each community to look into the development of the district and the sites. Community Member from Neah Bay mentioned that she was upset about the deconsolidation comments made at the last Board Meeting. She thinks it would be beneficial for both sites to look into the history of the schools and the District.

Mr. Eubank asked how tight the proposed budget is for next year. Superintendent Laes mentioned that is the tightest budget in the last 16years.

Mr. Eubank asked about how the district plans on funding any special needs that might come up.

Mrs. Ritter referred the question to Mr. Laes. Superintendent Laes explained that a budget extension would be necessary. If revenues can not be generated funds must come from the reserve fund.

Mr. Colfax asked what the Reserve Fund Balance is.

Superintendent Laes calculated the Reserve Fund Balance out to be approximately 6.4% of the budget with a projected ending balance of \$460,000.

Mr. Colfax mentioned that the Board agreed to carry 10%- the \$460,000 is not even one month of payroll.

Superintendent Laes pointed out the amount of money tied up in personnel. Discussions followed regarding small class size. Mr. Colfax mentioned that he wants to keep the class size small. When looking at equity, Mr. Colfax wanted to know if a person is to look at class by class or whether you look at class size averaged in grades K-5. He also mentioned that the Alternative Program is costing the district apportionment, but it helping with the discipline issues.

Mrs. Rascon- asked about transitioning these students back into the high school.

Mr. Colfax- mentioned that the skills being taught in the alternative program involve more than academics- but also social skills.

Mr. Eubank has not seen an increase in the minutes the students in the Alternative Program from month to month.

A Community Member asked about- whether the students in the alternative program have been tested for special education.

Yes- students that have been referred have been tested to see if they qualify for services. If students qualify, services are offered.

The Board expressed appreciation for the hard work that went into the budget process and presentations.

Mr. Colfax mentioned the damaging effects that happened when people do their own math. The proposed budget uses the required formulas from the State, with the distribution of the funds written on paper. He emphasized the need for people to use the calculations used by the State, because individual math calculations have been quite damaging.

Community member – asked about seeing staffing for the schools.

Mrs. Ritter mentioned that this can be done and that specialists also should be included when looking at the staffing.

The Board broke for Executive Session at 9:05 p.m. to discuss personnel.

The meeting was adjourned at 9:15 p.m.