

CENTENNIAL SCHOOL DISTRICT
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OLD BUSINESS

TO: Board of Directors

FROM: Paul Southerton, Director of Business & Operations

DATE: March 12, 2025

SUBJECT: Reclassification of Classroom Improvement Fund to a Capital Projects Fund

Background:

The Centennial School District is required to classify funds in accordance with Oregon Local Budget Law (ORS Chapter 294) to ensure compliance with financial reporting and budget standards. The Classroom Improvement Fund has historically been classified as a Special Revenue Fund. However, upon review, district administration has determined that, going forward, its expenditures are more appropriately aligned with a Capital Projects Fund classification.

Key Considerations:

- **Fund Purpose & Use:** Starting in the 2025-2026 fiscal year, all expenditures from this fund will be dedicated solely to capital activities, including facility improvements, major renovations, and equipment acquisitions.
- **Reclassification Justification:** Since the fund will no longer include non-capital expenditures, it no longer meets the criteria for a Special Revenue Fund and instead aligns with the definition of a Capital Projects Fund, as recognized under Oregon Budget Law and governmental accounting standards.
- **Financial Transparency:** This change enhances financial clarity and ensures that capital resources are managed consistently with long-term infrastructure and facility planning goals.
- **Financial impact:** There is no anticipated financial impact to this or any other fund that will be caused by this reclassification.

Action Required:

The board is asked to approve Board Resolution No. 2024.2025.0004, which formally reclassifies the Classroom Improvement Fund as a Capital Projects Fund beginning with the 2025-2026 fiscal year. Upon approval, the District Budget Officer will update the budget and

Agenda Item: 7.1.3

financial reports accordingly. The Oregon Department of Revenue and external auditors will be notified as necessary.

It is recommended that the Board approve the resolution as presented, ensuring that district funds are classified and managed in compliance with state law and best financial practices.