

# *SCHOOL FINANCE*

## *GENERAL UNDERSTANDING OF SCHOOL BUDGETING PROCESS*



4/27/2022

# AGENDA

- Local Budget Law
- Why do we do this?
- What is a Budget?
- Values, Goals & Equity
- The Budget Process
- Revenue Sources, Expenditures, and Fund Balance
- The Budget Committee Roles & Responsibilities
- The Budget Hearing (Adoption)
- How to Read the Budget Book



# LOCAL BUDGET LAW

- Establish Standard Procedures
- Outline programs & fiscal policies
- Require estimates of resources & requirements (revenue & expense).
- Encourage citizen involvement
- Control the spending of public funds



(ORS 294.321)

# WHY FOLLOW LOCAL BUDGET LAW?

- **A district that doesn't follow local budget law may not lawfully:**

- Expend money
- Certify property taxes to the county assessor

(ORS 294.338)

- **A property tax made contrary to local budget law is voidable by the Oregon Tax Court if appealed by:**

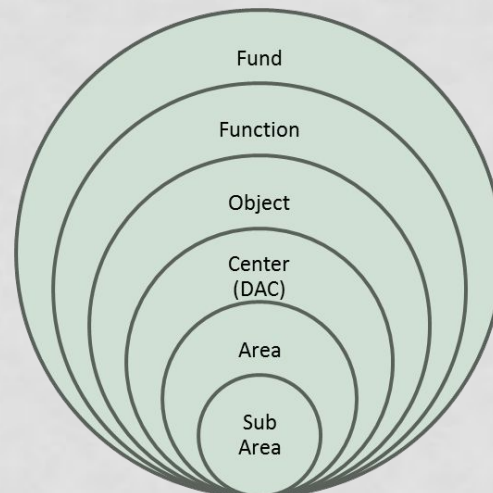
- County
  - Assessor
  - Court
  - Board of Commissioners
- The Department of Revenue
- Ten or more interested taxpayers



(ORS 294.461)

# WHAT IS A BUDGET?

- A Financial **Plan**
- For **one** fiscal year (July 1 – June 30)
- Based on “good faith” **estimates** of revenue & expenditures.



The budget is the basis for appropriations which **creates the authority** to spend public money.

# WHO CREATES THE PROPOSED BUDGET?



The Budget Officer is responsible for compiling information from stakeholders and other sources and developing the proposed budget.

However, the proposed budget must align with:

- District Goals, Core Values & Strategies
- Objectives established by Leadership
- Known Obligations
- Oregon Budget Law

First drafts  
don't have to be  
perfect.  
They just have to  
be written.





# BOARD CORE VALUES

OUR CORE VALUES ARE SUCH THAT SAFETY, EQUITY AND INDIVIDUAL ACADEMIC SUCCESS FOR EACH CHILD IS PARAMOUNT.  
WE BELIEVE THAT EACH ONE OF THE CORE VALUES ARE IMPORTANT TO MAKE THAT TRUE.

ALL  
INDIVIDUALS BE  
TREATED WITH  
RESPECT AND  
DIGNITY

EVERY CHILD IS  
A SOCIAL,  
EMOTIONAL  
AND CREATIVE  
BEING

CONNECT  
STUDENTS AND  
THEIR FAMILIES  
TO SCHOOL, THE  
COMMUNITY  
AND OUR  
PARTNERS

LEARNING IS  
CONNECTED TO  
THE REAL  
WORLD -  
RELEVANT

STUDENTS ARE  
PARTNERS IN  
THEIR  
EDUCATIONAL  
JOURNEY

## MISSION:

CLOSE THE ACHIEVEMENT GAP BY PREPARING ALL STUDENTS FOR COLLEGE READINESS AND SUCCESS IN A GLOBAL SOCIETY.

## VISION:

EVERY CHILD READS, THINKS CRITICALLY, AND GRADUATES READY FOR COLLEGE AND CAREER.

# PARKROSE SCHOOL BOARD GOALS 2021-22

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1

The board will revise the district vision and mission through empathy interviews to uncover the vision and mission of Parkrose.

2

Increase access for student empowerment in the Parkrose School District.

3

Identify, document and assess racial equity investments addressing racial disparities in Parkrose as measured by 9th grade on-track, 3rd grade reading and district wide attendance.

4

Parkrose will focus on increasing confidence in student safety.



# PARKROSE RACIAL EQUITY LENS

Parkrose School District 3

Code: AAA  
Adopted: 5.26.15

## Parkrose School District Racial Equity Lens

### What it is

- A racial equity lens is a set of questions we ask ourselves to ensure equitable outcomes

### When to use it

- When we are planning, developing, implementing or evaluating a policy, program or decision

Examples: \*budgeting \*hiring practices \*curriculum adoption  
\*SUN offerings \*athletic fees \*course offerings \*time resources  
\*discipline practices \*contracting \*classroom practices  
\*time \*resources \*extracurricular \*instructional strategies  
\*event planning (field trips, holiday celebrations, school dances, etc.)  
\*gain community partnerships \*outreach (parent, family & community)

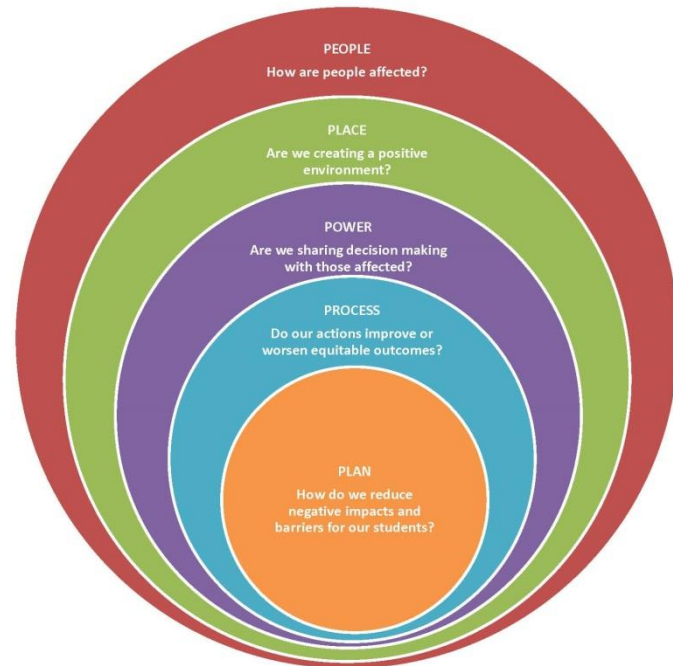
### How to use it

For any policy, program, practice or decision, consider the following questions:

- PEOPLE-How are people affected positively or negatively in terms of barriers they experience?
- PLACE-What kind of positive or negative environment are we creating?
- POWER-How is the power of decision-making shared with those it affects?
- PROCESS-Does the policy, program or decision improve, worsen or make no change to existing disparities?
- PLAN-How will you reduce the negative impacts and address the barriers?

❖ This Racial Equity Policy is based on research and Parkrose School District academic and behavioral data. Race is our number one priority based on our data.

Equity is the action that we as the Parkrose School District Community and Partners take to ensure that every student has the opportunity to achieve their dreams. It is the responsibility of all of us to provide each student the access, opportunity and support they need to meet their highest academic and social potential regardless of race, gender, socio-economic status, sexual orientation, ethnicity, culture, linguistic difference, religion, immigration status or disability.



END OF POLICY

# WHAT GOES INTO CREATING PROPOSED BUDGET?



- Fund Balance – Must estimate what it will be (part of revenue). This is based on known history and trend analysis.
- Determine **revenue projections** based on known estimates provided by State, and Local sources along with future and existing grants (State School Fund, local taxes, tuition, revenue contracts, new state appropriations, and other misc. sources).



# BEGINNING FUND BALANCE

## SAMPLE DATA ONLY

## Calculating Beginning Fund Balance

|                     | Actuals   | Current Year |           |
|---------------------|-----------|--------------|-----------|
|                     | 2017-2018 | 2018-2019    | 2019-2020 |
| Resources           |           |              |           |
| Cash on Hand        | 345,000   | 35,600       | 154,500   |
| Tax                 | 1,800,000 | 18,500,000   |           |
| Fees                | 3,600     | 1,900        |           |
| Grant               | 10,000    | 17,000       |           |
| Total Resources     | 2,158,600 | 18,554,500   |           |
| Requirements        |           |              |           |
| Personnel           | 1,738,000 | 18,000,000   |           |
| Materials & Service | 365,000   | 395,000      |           |
| Capital Outlay      | 20,000    | 5,000        |           |
| Total Requirements  | 2,123,000 | 18,400,000   |           |
| Ending Fund Balance |           | 35,600       | 154,500   |

# FUND BALANCE

## *The Five Categories/Classifications which make up the total --ENDING FUND BALANCE:*

- Non-spendable – Funds which are not in a spendable form (prepaid, inventory)
- Restricted – Amounts subject to externally enforceable legal restrictions by outside parties -- imposed by grantors, contributors, governmental regulations, etc. (bonded debt, federally funded programs)
- Committed – Amounts whose use is constrained by limitations that a government imposes upon itself through resolutions or budget (Risk fund, Technology Fund, Community Center)
- Assigned – Intended use of resources established by the governing body itself, or by an official or officers to which authority is delegated by the governing body – such as the Superintendent or Business Director – currently the District does not have any such obligated funds.
- Unassigned – Available for any purpose. (Reported only in the General Fund.)

**\*These categories follow GASB-54 guidelines.**

# PARKROSE SCHOOL DISTRICT FUNDS

| Fund # | Description                | Fund Balance Classification |
|--------|----------------------------|-----------------------------|
| 201    | TAX ANTICIPATION NOTE      | RESTRICTED                  |
| 202    | FOOD SERVICE               | RESTRICTED                  |
| 215    | FEDERAL / STATE GRANTS     | RESTRICTED                  |
| 251    | STUDENT INVESTMENT ACCOUNT | RESTRICTED                  |
| 252    | HIGH SCHOOL SUCCESS        | RESTRICTED                  |
| 280    | PRIVATE GRANTS             | RESTRICTED                  |
| 310    | DEBT SERVICE               | RESTRICTED                  |
| 311    | PERS GEN OBLIG BOND FUND   | RESTRICTED                  |
| 405    | CAPITAL PROJECTS           | RESTRICTED                  |
| 420    | GO BOND – CAPITAL          | RESTRICTED                  |
| 430    | CAPITAL FLEET REPLACEMENT  | RESTRICTED                  |
| 203    | RISK MANAGEMENT            | COMMITTED*                  |
| 205    | THOMPSON                   | COMMITTED*                  |
| 281    | TRANSPORTATION             | COMMITTED*                  |
| 282    | TECHNOLOGY                 | COMMITTED*                  |
| 285    | TEXTBOOK                   | COMMITTED*                  |
| 291    | RETIREMENT                 | COMMITTED*                  |
| 298    | PERS STABILIZATION         | COMMITTED*                  |
| 299    | STUDENT BODY               | COMMITTED*                  |
| 415    | CAPITAL EQUIPMENT          | COMMITTED*                  |
| 100    | GENERAL FUND               | UNASSIGNED                  |

\*Although these funds are designated as committed by GASB 54 standards, they are restricted either by collective bargaining agreements or Board policy as to their use.



# REVENUE SOURCES

Beginning Fund Balance

State School Fund

Revenue Contracts

Local Taxes

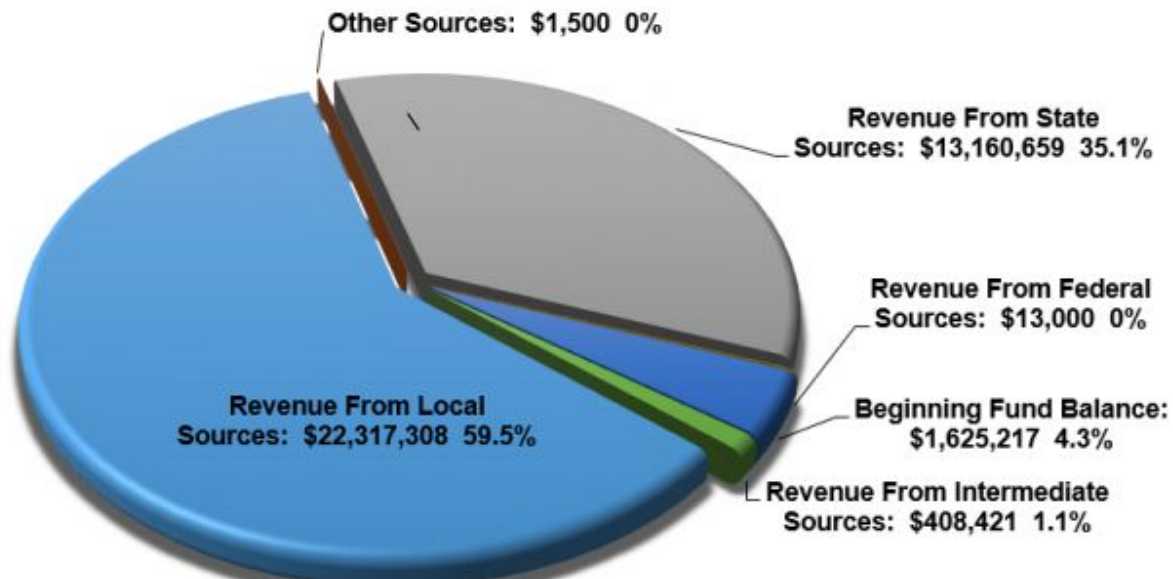
Tuition

Other Miscellaneous Sources

## 2020-2021 Budget General Fund Revenue Sources

### General Fund Resource Summary

Total \$37,526,105



# ESTIMATING PROPERTY TAXES

$$\text{Tax Rate (\$4.8906 per \$1,000)} \times \text{Taxable Value} = \text{Tax Amount}$$

Amount you receive is reduced by:

- Compression Losses (Measure 5 Limitation)
  - If a property's tax is higher than its M5 limit, the tax is compressed .
  - The loss is shared by all taxing districts (local option taxes reduce first).
- Discounts (Taxes paid in full or 2/3rds by Nov. 15)
- Uncollectible Taxes (Delinquent Taxes)

# HISTORY OF OREGON PROPERTY TAX



<https://youtu.be/gtalhnmxnZU>

Source: The Oregonian, September 10, 2015

# WHAT ELSE GOES INTO CREATING PROPOSED BUDGET?

- Add in **known** expenditure increases due to contract negotiations already agreed upon such as (salary, step and insurance).
- Other required obligations must be added such as known debt requirements, transfers, and contracts that continue into next year.



# EXPENDITURES

Known expenditure adjustments:

- Salary / Steps
- Insurance
- Materials and Purchased Services
- Capital Outlay
- Debt Requirements
- Transfers
- Contractual obligations extending beyond current fiscal year.



(Some examples of these are fringe rate adjustments, repairs and maintenance, dues and fees, technology, curriculum, and post retirement needs.)



# WHO IS ON THE BUDGET COMMITTEE?

The Governing Body  
+  
Equal Number of Appointed Electors

## Appointed Members:

- “Electors” are registered voters in the district.
- Cannot be officers, agents or employees.
- Appointed for staggered 3-year terms.

All budget committee members have the same authority.



# WHAT THE BUDGET COMMITTEE DOES



- Receives the Budget Document
- Hears the Budget Message
- Hears & Considers Public Comment
- Discusses and Revises the Budget as Needed
- Approves the Budget
- Approves the Property Taxes

# BEFORE THE FIRST BUDGET MEETING

**ORS 294.426(6) states, “the budget committee may not deliberate on the budget document as a body before the first meeting”**



We recommend that you do not talk about:

- Specific estimates or appropriation amounts associated with any fund or line item
- Discuss whether to fund specific programs or expenditures
- Discuss whether to impose any tax levy, or the amount of any levy

# REQUIRED POSITIONS

- Committee Chair
  - Presiding officer is the only position required by law.
  - Chairs the committee.
    - Open the Meeting
    - Facilitate Discussion
    - Keep conversation focused and balanced
- Committee Vice Chair
  - Acts in the absence of the Chair during the meeting.

These Positions are appointed during the first meeting.

# RECEIVES THE BUDGET DOCUMENT

- The Budget is a **public document** when released to the committee.
- Available to the public at the same time as the committee.
- Public has a **right to inspect the proposed budget**.
- The District must provide a means for the public to copy and see the budget.



# THE BUDGET MESSAGE

- Prepared by / under direction of executive officer.
- Explains the budget document.
- Describes financial policies.
- Explains any changes since last year.
- Must be in writing.



# PUBLIC COMMENT

- On the date and time in the published notice.
- Any person may ask questions about and comment on the budget.
- Can establish time limits and other policies for public comment period.
- Can be heard at additional meetings, if desired.



# APPROVE THE BUDGET

Sample Motion to Approve the Budget:

**“I move that the budget committee of Parkrose School District approve the budget for the 2021-22 fiscal year in the amount of \$xx,xxx,xxx.”**



# BUDGET COMMITTEE MEETING PROCESS



- All Meetings are subject to public meetings law.
- Presiding officer must be elected at the first meeting.
- A Quorum (6 members present) is required to conduct business.
- Majority of Committee is required to take action.
- Committee may request and receive additional information from district officials.

# APPROVE EACH TAX LEVY

Sample Motion to Approve Taxes:

**“I move that the budget committee of Parkrose School District approve property taxes for the 2021-22 fiscal year at the rate of \$x.xxx per \$1,000 of assessed value for the permanent rate tax levy, and in the amount of \$x,xxx,xxx for the general obligation bond levy.”**



**The Budget Committee work is now finished.**



# BUDGET HEARINGS TO ADOPT

- The School District holds a budget hearing on the date published.
- The hearing is on the budget as approved by the budget committee.
- Any person may comment on the budget.

**If the Governing Body decides to change the budget as approved, they can without holding another budget hearing meeting and republishing the notice if:**

- **No increase to taxes**
- **No increase to expenditures in any fund by 10% or more (or \$5,000 – whichever is greater)**

# GOVERNING BODY ADOPTS THE BUDGET

After the Budget Hearing and on or before June 30, the governing body must enact a resolution to:

- Adopt the Budget
- Make Appropriations
- Impose Each Tax Levy
- Categorize each tax by Measure 5 Category

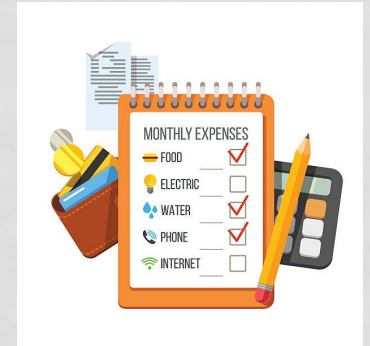


# HOW TO READ THE BUDGET BOOK

## Executive Section:

### Budget Message

- Written by the Superintendent
- Will layout what the budget will look like and addresses key financial aspects and goals for this budget cycle



### District Mission and Goals

- Details out the District's mission and goals for the school year as well as the Board's core values
- Includes District's racial equity lens which the budget was created using



# HOW TO READ THE BUDGET BOOK

## Major Funds in the District:

- **General Fund** - maintains all transactions which do not legally or procedurally have to be accounted for in the other funds based on Generally Accepted Accounting Principles (GAAP)
- **Food Service Fund** - maintains the District's food service program and federal grants related to national school lunch programs.
- **Thompson Fund** - maintains District's buildings and repairs as well as maintains District's rental properties
- **Federal Grants Fund** - maintains the District's federal grant revenue
- **Student Investment Account** - maintains grant revenue received from Oregon's CAT tax
- **High School Success** - maintains ODE's High school Success grant initiated by ballot measure 98 related to college and career success
- **State and Private Grants** - maintains all other state grants as well as all donations and private grants
- **Student Body Fund** - maintains the schools student club accounts
- **300 Funds** - maintains the District's debt service payments
- **400 Funds** - maintains the District's expenditures related to capital projects

# HOW TO READ THE BUDGET BOOK

## Financial Section - Resources:

- Divided into sections by fund then further divided by school or department in the General Fund.
- Resources (revenues) are presented first by function.

| Major Function - Function                               | Working          |              | Proposed         |              |
|---|------------------|--------------|------------------|--------------|
|   | \$               | FTE          | \$               | FTE          |
| <b>Resources</b>  |                  |              |                  |              |
| <u><b>8000 - Internal</b></u>                           |                  |              |                  |              |
| 8161 - Sale of Lunches                                  | 70,000           |              | 40,000           |              |
| 8162 - Sale of Breakfasts                               | 6,000            |              | 3,000            |              |
| 8163 - Sale of Food - Ala Carts                         | 120,000          |              | 2,500            |              |
| 8198 - Miscellaneous Local Revenue                      | 14,000           |              | 61,000           |              |
| 8314 - Foodservice Match                                | 15,000           |              | 17,000           |              |
| 8321 - State Restricted Revenue                         | -                |              | 5,000            |              |
| 8461 - Natl School Lunch Reimbursemnt                   | 1,728,096        |              | 1,732,159        |              |
| 8491 - Federal Commodities Received                     | 100,000          |              | 117,000          |              |
| 8521 - Transfers From Other Funds                       | -                |              | 50,000           |              |
| 8541 - Fund Balance                                     | 25,514           |              | 27,727           |              |
| <b>Total Function:</b>                                  | <b>2,078,610</b> |              | <b>2,055,386</b> |              |
| <b>Total Resources:</b>                                 | <b>2,078,610</b> |              | <b>2,055,386</b> |              |
| <b>Requirements</b>                                     |                  |              |                  |              |
| <u><b>3000 - Enterprise and Community Services</b></u>  |                  |              |                  |              |
| 3110 - Food Service Area Direction                      | 283,580          |              | 227,956          |              |
| 3120 - Food Preparation/Dispensing                      | 1,763,533        | 15.97        | 1,795,193        | 15.97        |
| 3130 - Food Delivery Services                           | 20,268           | 0.20         | 21,008           | 0.20         |
| <b>Total Function:</b>                                  | <b>2,067,381</b> | <b>16.17</b> | <b>2,044,157</b> | <b>16.17</b> |
| <u><b>6000 - Contingencies</b></u>                      |                  |              |                  |              |
| 6110 - Operating Contingency                            | -                |              | 11,229           |              |
| <u><b>7000 - Unappropriated Ending Fund Balance</b></u> |                  |              |                  |              |
| 7000 - Unreserved Fund Balance                          | 11,229           |              | -                |              |
| <b>Total Requirements:</b>                              | <b>2,078,610</b> | <b>16.17</b> | <b>2,055,386</b> | <b>16.17</b> |
| <b>Total Fund:</b>                                      | <b>-</b>         | <b>16.17</b> | <b>-</b>         | <b>16.17</b> |



# HOW TO READ THE BUDGET BOOK

## Financial Section - Requirements:

- Requirements (expenses) are presented by function then object

### 100 - General Fund Requirements

Total Objects: \$35,817,757

| 2018/19<br>Actual | 2019/20<br>Actual | 100 - General Fund                     | 2020/21<br>Working       | 2021/22<br>Proposed      |
|-------------------|-------------------|--|--------------------------|--------------------------|
| \$                | \$                | Major Object - Object                  | \$ FTE                   | \$ FTE                   |
|                   |                   | <b>0100 - Salaries</b>                 |                          |                          |
| 11,111,155        | 11,086,115        | 0111 - Certified Salaries              | 12,088,634 173.40        | 12,280,782 170.70        |
| 2,557,739         | 2,717,935         | 0112 - Classified Salaries             | 3,060,179 83.42          | 3,241,140 85.39          |
| 1,688,558         | 1,717,591         | 0113 - Administrative Salaries         | 1,989,501 15.90          | 1,310,689 10.15          |
| 538,378           | 640,770           | 0114 - Managerial Salaries             | 671,991 8.75             | 674,890 8.75             |
| 8,080             | 21,713            | 0121 - Substitute Licensed             | 13,214                   | 13,214                   |
| 67,809            | 122,158           | 0122 - Substitute Classified           | 78,317                   | 78,317                   |
| 167,299           | 218,789           | 0130 - Additional Salary               | 218,170                  | 218,170                  |
| 348,497           | 381,500           | 0131 - Extra Duty Salary               | 337,806                  | 330,337                  |
| 78,620            | 31,637            | 0132 - Overtime                        | 56,498                   | 56,498                   |
| 16,566,135        | 16,938,208        | <b>Total Object:</b>                   | <b>18,514,310 281.47</b> | <b>18,204,037 274.99</b> |
|                   |                   | <b>0200 - Associated Payroll Costs</b> |                          |                          |
| 2,991,898         | 3,438,242         | 0211 - PERS Employer Contribution      | 3,704,492                | 3,101,394                |
| 960,613           | 1,013,485         | 0212 - PERS Employee Picked            | 1,112,931                | 1,092,494                |

- Divided by fund then further divided by school for the General Fund.



# HOW TO READ THE BUDGET BOOK

## Informational Section:

- General Fund analysis by school location including staffing and student enrollment data.
- Average staff salary by position type.
- Student outcomes on academic progress, high school success and graduation rates.
- Historical trend analysis for enrollment, property tax collections, and enrollment demographic historical breakdown, special education enrollment breakdown.
- Comparison analysis to other Multnomah County school districts in various aspects such as enrollment, staffing, compensation, and equity.



# THANK YOU PARKROSE SUPPORTERS

