

1. Call to Order / Roll Check

Chair Dyson called the meeting to order and a roll check confirmed that all directors were present.

2. Land Acknowledgment

Chair Dyson read the Land Acknowledgment.

3. Adoption or Adjustment of Agenda

Director Hatch moved and Director Skuratowicz seconded the adoption of the agenda as presented. The motion carried by unanimous vote of the members present.

4. Meeting Overview

Chair Dyson opened by saying that when the board began its search for a new superintendent last year, directors were aware that the district needed a leader who would help the school community understand our true financial picture and put us in a position to move forward. The purpose of this presentation and next steps are to foster community and trust, providing a focus on the future for the children of our district. Board members will have some deliberation time with the presenters and time will then be allowed for public comment.

5. Presentation on District Fiscal Status

Chair Dyson introduced Superintendent Joseph Hattrick, Executive Director of the Oregon Association of School Business Officials Jackie Olsen, and ASD Director of Business Services Scott Whitman.

Dr. Hattrick thanked the audience for attending. Following his arrival in July, he described the beginning of his review of the district budget. He reviewed financial statements and dug into fiscal systems including purchasing and personnel practices. Following early interactions with his administrative team, he initiated a spending and hiring freeze in September. His first goal was to stop the financial bleed of spending beyond our resources. He did a line item budget review of the last year by function code, then studied the department and school cross analysis that went into building the FY24-25 budget. In October he set aside ten full days to do budget reviews. He realized he needed help from someone who could bring an informed, objective lens. He called Jackie Olsen and she offered to help. She will present her findings, and she has supported other districts across the state that were wrestling with fiscal challenges. She brings deep expertise and he pledged that he would provide her with complete transparency about our records and practices.

Dr. Hattrick said that today we are where we are. He does not plan to spend time identifying scapegoats. There will be ways to repair our situation and it will require team collaboration across the district. Ms. Olsen invited questions from the board as she presented a new view of the ASD financial data.

She then went through the District financial circumstances in great detail. By way of overview, she stressed the importance of understanding our current financial data. She explained the difference between the budgetary fund balance and a cash balance, with a focus on the General Fund. She outlined key financial metrics, including the negative fund balance and the importance of understanding cash flow. She also clarified the inclusion of various other special funds in her financial analysis. She recommended that the district adopt her more detailed format of presentation going forward to help develop a detailed understanding of its fiscal picture and see the changes within it.

She covered the following points:

- Enrollment changes and corresponding staffing levels, highlighting the mismatch between enrollment revenue and staffing expenditures.
- Explained the various revenue sources, including the state school fund, local revenue sources, and the fund balance.
- Gave a breakdown of spending categories including salaries, benefits, purchased services, and transfers.
- Reviewed the cumulative impact of prior budget decisions including overspending in certain areas and the need for adjustments.
- Emphasized the importance of understanding the flow of funds and the need for regular monitoring.
- Explained the need for transfers among special funds, including food service and transportation. Pulling funds out of some of these to meet cash flow needs in the general fund requires replenishing those dollars and the district is in arrears in that return transfer.
- Recommendations for future budgeting include the need for complete transparency and regular monitoring.

Cash Flow Projections and Potential Challenges

- Ms. Olsen presented cash flow projections, highlighting the need for additional cash to cover expenditures until the next revenue influx that will come from property tax revenue in November 2025.
- She discussed the potential need for a short-term tax anticipation note (TAN) to cover cash flow shortfalls. The district is projected to run out of cash in the Fall of 2025 based on current numbers.
- She emphasized the importance of planning and preparing for potential future financial challenges.
- She stressed the need for regular monitoring and adjustments to ensure the district's financial stability.

Board and Community Responsibilities

- Ms. Olsen then talked about the importance of the board's role in monitoring and approving the budget.
- She also discussed the community's role in supporting the financial health of the district.

- She highlighted the need for a collaborative approach to budgeting and financial management.
- Ms. Olsen emphasized the importance of transparency and regular communication with all stakeholders.

Cash Flow and Bond Ratings

- Ms. Olsen explained the importance of cash flow projections for determining loan needs, emphasizing that the district may not need the anticipated \$7 million if their cash flow is sufficient next fall.
- Director Skuratowicz asked about the impact of cash flow on future bond ratings, and Ms. Olsen clarified that a healthy fund balance or a negative fund balance are key factors affecting ratings.
- She again stressed the need for monthly cash flow reviews to ensure accurate projections and prompt reconciliation of bank records each month.
- Her immediate recommendations include implementing a hiring and spending freeze, cleaning out supply closets to use available supplies, and reducing general fund expenditures by \$2.2 million to address a projected negative balance.

Operational Decisions and Board Involvement

- Director Franko expressed concerns about the board's role in operational decisions, questioning the effectiveness of recommendations without clear processes.
- Ms. Olsen advised against making unilateral decisions from the top down and emphasized the importance of community and staff input in the budget reduction process.
- Dr. Hattrick discussed the need for a phased approach, including immediate decisions to stop practices causing rapid financial loss, and gathering community feedback before proposing long-term solutions.
- He outlined plans for five listening sessions to engage with community members, parents, and staff, aiming to present a proposal to the board at its December 12 regular meeting.

Long-Term Financial Planning

- Ms. Olsen recommended developing a plan to eliminate all negative fund balances within three to five years, emphasizing the need for a balanced budget with a contingency reserve for the following fiscal year.
- She suggested ongoing staff and board training on financial processes to ensure everyone is on the same page and reviewing budgets correctly.
- She recommended changing district financial reports to include general fund revenue and expenditures, appropriations, and cash flow on a monthly basis.
- Director Ruby asked about the budget development process moving forward, and Dr. Hattrick said that he plans to evaluate and potentially change the process based on feedback and learning from the current situation.

Action Items

- Implement a hiring and spending freeze.
- Reduce general fund expenditures by a minimum of \$2.2 million.
- Review cash flow on a monthly basis and determine if a short-term tax anticipation note is required.
- Develop a plan to eliminate negative fund balances in special revenue accounts within 3-5 years.
- Develop a balanced budget for 2025-26 with an appropriate contingency.
- Provide staff and board training on financial processes and reporting. Include all administrators.
- Implement a new format for monthly financial reporting, including general fund revenue and expenditures, appropriations, and cash flow.
- Hold a series of listening sessions to gather feedback from staff and the community on potential budget reduction strategies.
- Present a recommendation and action plan to the school board at the December 12, 2024, meeting.

Dr. Hattrick announced a series of sessions he will hold to gather feedback and ideas. He welcomes suggestions from all constituent groups throughout the district, which are necessary to develop a comprehensive plan for restoring the district to fiscal stability and a sustainable future.

6. Hear Public Comments *(The Ashland School District Board of Directors reserves this time for individuals to relay comments in person or in writing to the Board.)*

Ms. Jane Kellum, a Helman parent and PTA member, highlighted the need to make evidence-based decisions, preserve the continuity in student learning, measure our circumstances against school districts of similar size and enrollment, and continue to call upon broad expertise to avoid future financial issues.

7. Announcements of Upcoming Meetings

Chair Dyson announced several upcoming listening sessions on the budget designed for staff, students, parents, and the public.

8. Adjourn

There being no further business, Chair Dyson adjourned the meeting

Submitted by:

Jackie Schad, Board Secretary

Dated for Board Approval: December 19, 2024

Board Chair Rebecca Dyson

Superintendent Joseph Hattrick