

HARNEY ESD BOARD OF DIRECTORS
MONTHLY BOARD MEETING
JANUARY 12, 2011

Present: Connie Barber, Chair
Pete Merritt, Vice Chair
Richard Jenkins, Director
Daniel Brown, Director
Charles Schmidt, Director
Charles Dunten, Director

Absent: Robin Cramer, Director

1. Connie Barber called the January meeting to order at 1:30 p.m. at the Harney ESD Administrative Office at 779 West Fillmore. CALL TO ORDER
2. Minutes for the December Board meeting were presented for review. Dan Brown made a motion to approve the minutes as presented, Charles Schmidt seconded and the motion carried. MINUTES
3. Kaeko Blackburn presented the fund balance report for January 12th which showed an All Funds total of \$1,300,641. She stated that the General Fund balance was \$501,506. Most reimbursements have been received for the Early Childhood Center, so the programs were in the positive with the exception of EI/ECSE. Kaeko also stated that EOT's revenues have increased this year. FINANCIAL REPORT
4. January disbursements in the amount of \$107,300.59 were presented for review. Kaeko reviewed several disbursements of interest. The \$16,000 to Burns/Hines District #3 and the \$4,000 to Crane Union High School were for HESD's support of the Voc/Ag programs. Also, HESD used \$10,440 of profits received from EOT to pay for the antivirus and internet filtering for the component schools. The \$3,030 to High Desert ESD is HESD's portion of the Data Warehouse Project. The \$1,000 to Harney County is for EOT's purchase of a HP Design Jet Plotter. The \$8250 payment to Inland Development Corporation is for the installation of fiber between HESD's Regional Service Center and Burns/Hines District #3's Administrative Office. The cost was split by HESD and EOT. DISBURSEMENTS

Charles Dunten made a motion to approve the disbursements as presented. Pete Merritt seconded and the motion passed unanimously.
5. Visitors: VISITORS/STAFF
Bob Sari, Burns/Hines School District #3, Superintendent
Kari Ott, Oster Professional Group
Staff:
Rod Bennett, EOT Director
Gail Faulhaber, Instructional Support Director
6. Kari Ott from Oster Professional Group was in attendance to present the audit report for the year ending June 30, 2010. Kari Ott stated that Harney ESD received a clean, unqualified audit. The only problem AUDIT REPORT

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was that year end expenditures should have been recorded as accounts payable. Kari went on to explain several sections of the audit.

- Pages 5-6 are the Management Discussion and Analysis which summarizes the financial activities which is written by Superintendent Mills and Kaeko Blackburn.
- Page 10, Statement of Net Assets shows the assets between Governmental Activities and Business-Type Activities.
- Page 11, Statement of Activities shows the separation between HESD (Governmental) and EOT (Business). The net assets increased for both.
- Page 32, Notes to the Basic Financial Statements, specifically note 14, GASB 54-Fund Balances. Starting with the 2011-2012 budgets, fund balances will be separated into new categories. Reserves funded only by transfers from the General Fund will remain as a fund the General Fund. Reserves that are for Capital Expenditures will remain outside of the General Fund.
- Page 38, Notes to Required Supplementary Information- Budgetary Reporting. Kari stated that there was one over expenditure of budget items due to a transfer into one fund and not transferring out of the other fund.
- Page 73 Report on compliance and on Internal Control over Financial Reporting. Kari Ott stated that there were no new internal control recommendations for this year.

Superintendent Mills asked if there were any recommendations for improvement or concerns that the board should be made aware of. Kari Ott stated that based on tests performed there were no concerns or recommendations at this time.

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| 7. | An appropriation resolution was presented for review for the following grants in accordance with ORS 294.326 {3}:
Extended Assessment @ \$9,000
Kaeko stated that the Extended Assessment grant had a zero balance in the 2010-2011budget. Charles Dunten made a motion to approve the appropriation resolution and Dick Jenkins seconded. The motion was approved unanimously. | APPROPRIATION
RESOLUTION |
| 8. | In order to apply for E-Rates, a telecommunications provider must be designated by the board. Kaeko informed the board that our current providers are CenturyLink and Qwest. Charles Schmidt made a motion to continue with the current designations of CenturyLink and Qwest as the providers of telecommunications for HESD. Pete Merritt seconded and the motion carried. | TELECOMMUNICATIONS
DESIGNATION |
| 9. | Superintendent Mills read a letter from Donna Schnitker, the Early Childhood Director, who was attending training at the Head Start Management Institute. The letter informed the board that their packets included a copy of the final Early Childhood Strategic Plan and | PROGRAM REPORTS |

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a draft copy of the Community Needs Assessment for their review. The monthly monitoring report for November and December is also included. If the board had any questions or comments about the documents they could contact Donna.

Rod Bennett presented the Eastern Oregon Technology report. Rod stated that walk-in repairs and network wiring were up. The installation of the fiber connection between HESD Regional Service Center and District #3 Administration building has been completed. The connection should be turned on in the very near future. Rod stated that if EOT's profits allow, he would like to continue fiber connections to other District #3 buildings. EOT also received more StRUT computers which will be distributed to District #3 which is a StRUT member district.

EOT is still working on the new Harney Electric building and will be completing some installation work for the Forest Service in John Day.

Gail Faulhaber presented the Instructional Support report. Gail stated that she worked on the peer review for the grant for Hines Middle School. She also stated that she was coordinating the off-grade writing test for all of Harney County School Districts except Burns/Hines District #3 which chose not to participate this year.

Gail stated that she has been working with the state advisory committee for the ECIP. The committee is looking at the efficiencies of small schools filling out the electronic applications to receive federal grant dollars. The final draft of recommendations will be submitted to the state in March.

Superintendent Mills stated that Jenell Zamora and Donna Schnitker plan to proceed with the investigation of the speech telepractice for use in Harney County schools.

Kaeko Blackburn stated that she wanted everyone to know that Harney ESD expends all money that is received from state and local sources. HESD has had a beginning fund balance of \$300,000 for approximately the last five years. HESD does not save one third of our budget, it is our zero point because it is also our ending fund balance. The beginning fund balance is needed because ECC and other grant programs are reimbursement based. HESD does not receive the first grant payments until the end of October. Kaeko wanted to assure everyone that HESD does make 90/10.

10. Superintendent Mills stated that he would be attending an OAESD meeting via video conferencing tomorrow (1/13/2011). Subjects to be discussed are OAESD dues structure, school improvement, and a statewide information system. SUPERINTENDENT'S REPORT

The 2011 Legislative Session has begun and many bills will be

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introduced that may affect ESDs and school districts. One deals with cutting ESD funding from 4.75% to 3%. At this time it is not clear how this will impact HESD because we are already at the funding minimum.

Superintendent Mills asked Superintendent Sari what he has been hearing. Superintendent Sari told the board that there are bills dealing with OEBC and giving school districts an option to look for better insurance rates outside of the Oregon Education Benefit Board. He also stated that there is talk about the merging of small school districts with larger school districts. The number that has been mentioned is that no district could be smaller than 250 students.

Both Superintendents Mills and Sari urged the board to follow the legislative session and possibly testify as necessary, to help promote the uniqueness of Harney County.

Superintendent Mills told the board that their packets included a newspaper article from The Statesman Journal by Jerry Bennett of Salem a former OAESD executive director and educator on ESD efficiencies vs. administrative mismanagement.

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| 11. | Rod Bennett stated that the plotter EOT purchased was for printing blue prints necessary for EOT to submit bids for perspective jobs. He also stated that it will be used to print banners for schools at a cost recovery rate. | LATE ITEMS/PLOTTER |
| 12. | With no further business Chair Connie Barber adjourned the meeting at 2:50 p.m. | ADJOURNMENT |

Connie Barber, Chair