

decides on inter-fund lending system to complete athletic facility

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Therefore, she said, the administration was proposing that part of the available funds be used to create a solution that would meet current needs while protecting the Buxton School Fund. McGlasson identified three options for providing funding:

- The board could designate the project as a capitol improvement and expend money from the Buxton School fund (BSF).
- The board could authorize a loan from the BSF with a specific timeline for repayment.
- The board could authorize a loan from the BSF to be repaid at such time as

the district reaches a specific excess ending fund balance, such as 10 percent of the operating expenses.

McGlasson proposed using \$65,350 from the BSF, utilizing one of the funding options above, to complete the building and create an indoor facility that could be used for wrestling, volleyball, basketball and other indoor recreational activities, including small competitions. The facility would include an upgraded floor surface, Masonite lower wall covering, portable bleachers, a stereo system and a scoreboard. Alley told the board that he had an additional \$125,000 of donated labor and materials ready to begin work on completing the building, but that sources of additional donations were unavailable.

Kelly said that the only way that he would support expenditure from the BSF would be as a loan, that the board "cannot be [a good] steward of the community unless the money from the sale of assets is used to fill a temporary need." He emphasized that the BSF should not be jeopardized as these funds were intended to serve as seed money for future needs. Kelly said that he recognized the need for the facility, but felt the district should establish a precedent that any money expended from the fund be repaid.

Willis Meeuwsen countered that the board could make a strong statement to the effect that other volunteer groups should not begin a building with donations and expect to be bailed out by the board when they were unable to raise the necessary money. He said that each project would have to be evaluated on its own merit. Meeuwsen added that longtime board members – such as himself, Kelly and Joe Evers – should not be able to dictate the actions of future board members.

With the expenditure of \$65,350, Meeuwsen said, the district would acquire a facility that will be valued in excess of \$300,000, which would be a good use of the BSF for a project that was not in opposition to the board's intent for the BSF. Further, he said, that the expense from the fund should not have to be repaid and should be considered as an investment.

Duane Lundsten, the newest member of the board, indicated a willingness to identify the building as a capitol project. He said that the addition of a great facility to the district was well worth the reduction of a fund that would total \$367,438 in 2004 when the balloon payment is received (as required under the current contract). Joe Evers echoed Kelly's concern about the potential for leakage from the BSF.

Doug Nordholm, exercising considerable skill as board chair in moderating the discussion, supported the opinions of Lundsten and Meeuwsen and attempted to separate the issues of defining the use of the funds from the expense of completing the building. "Doing nothing is irresponsible as well," Nordholm said in response to Kelly's repeated statement that he would be unable to justify his actions to community members unless the expenditure from the BSF was treated as a loan.

Finally, the board unanimously accepted two resolutions establishing a Capitol Projects Fund with the proceeds from the sale of the Buxton School and loaning \$65,350 from the Capitol Projects Fund for completion of the recreation building, to be repaid over the next five years.

Audit Report

Roger Noah and Gloria Mackey from Jones and Roth presented the annual audit of the 2002-2003 books to the board. Noah told the board that this would be the last audit to parallel the format of past audits. Next year the audit will be performed under a new standard required by the state. Noah directed board attention to the ending cash balance of \$1,288. Because the balance included the final payment of \$175,000 for the state loan and a \$720,000 reduction in anticipated revenues, that the cash balance was "tight", but still positive. McGlasson explained that the positive ending fund balance was the result of reducing expenditures by \$393,000.

Noah told the board that the district was in full compliance with all state and federal accounting practices with one minor exception. The district did not report in the approved budget the unexpected receipt

of \$78,000 of grant funds. This has been reported to the state as required but, since the district had received all of the money that it spent, it will be noted as an accounting exception.

Next year's audit will be more expensive, Mackey told the board, because of the conversion to the new method. Since the board is in the last group of state funded entities that are required to convert to the new system, there is a certain level of experience in performing the conversion that should make it a smooth transition. Though she called the requirement "another unfunded mandate," Mackey told the board that the new statements more clearly show the relationship between taxes assessed and expenditures and, "...in the

long run, will be more beneficial for everyone."

- In other business the board:
- Thanked Julie and Chuck Bradford for their donation of \$5,000, which will be matched by Intel. The Bradfords have moved to Beijing for a new assignment.
 - Approved the 2003-2004 NWRESO resolution plan.
 - Received notice that the district is in compliance with federal law as required.
 - Heard that the district office, high school, junior high and community gym have been re-keyed in order to increase security. New keys have been issued that cannot be duplicated easily.
 - Heard that the district has an adequate number of instructional hours to meet the state standard, at this time.

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