

MEMORANDUM



TO: OSBA Membership
FROM: Patti Norris, OSBA Secretary-Treasurer
SUBJ: OSBA Treasurer's Report for 2020-21
DATE: Nov. 12, 2021

Hello everyone! I'm Patti Norris, Crook County School Board member, OSBA Central Region representative, and your OSBA Secretary-Treasurer.

COVID-19 definitely has kept us all busy over the last year. Ever-changing guidelines and metrics have forced us all to be more nimble and ready to pivot at a moment's notice. OSBA continues to work hard on behalf of our members, striving to be a resource and a partner in navigating this rocky landscape. Though our inability to meet in person has been a challenge, OSBA has stepped up its virtual accessibility and has worked to keep members updated with the latest information and answers to your questions. OSBA takes its role seriously and strives to make sure you and your district receive a significant return on your investment in us.

You have been provided with the Treasurer's Report for the 2020-21 fiscal year, which includes a summary of 2020-21 activities and the 2021-22 budget.

The auditing firm of Jones & Roth is in the process of completing the OSBA 2020-21 fiscal year audit and compiling the final financial statements. They will be reporting final audit results to the OSBA Board of Directors in February 2022. The audit will be available online at www.osba.org under the "About OSBA" tab following that February meeting.

OSBA is unique among state school board associations in that we hold a significant investment portfolio rather than relying solely on member districts for revenue. This portfolio provides approximately half of OSBA's annual operating revenues. Due to the significant drop in return rates on bonds, our investment policy was revised this past year to allow OSBA the flexibility to invest more creatively. Specifically, this year we have expanded our investment in high-quality equities and in income-generating real estate, including taking over ownership of more of our building near the Capitol in Salem. This policy also maintains the priority of preserving principal to ensure the sustainability of our investment assets. It is the strength and growth of these investments that has allowed OSBA to subsidize the products and services it provides members to help keep your costs as low as possible.

For the fiscal year ending June 30, 2021, operating revenues generated by investments, contracted services, the Property and Casualty Coverage for Education (PACE) insurance pool, and other revenue sources decreased by roughly \$150,000 to \$7.8 million. Our inability to host in-person conferences and conventions led to a \$400,000 decrease in

revenue for that category while increases in Contract Services and BoardBook subscriptions helped offset much of that decrease.

Expenditures during the same period decreased by approximately \$800,000 to \$8.2 million. These savings were attributed again to- the lack of in-person conferences and conventions hosted by OSBA, reduced building expenditures due to working remotely, and a decrease in travel and professional development due to COVID-19. As in your districts, staff costs constitute the largest part of our expenses. This year's expenditures paid for a staff of around 45 full-time, part-time, and contract employees who provided a variety of services to OSBA's member districts throughout the state.

OSBA continues to remain on firm financial ground. As of June 30, 2021, our unrestricted reserve was \$10 million; our restricted reserve was \$21.68 million; and our permanent reserve was \$50 million. Cash on hand was \$5.45 million. During 2020-21 the total cash and investments increased over \$7 million in value, reflecting the growth in OSBA's investment portfolio.

The Finance Committee, established by the OSBA Board, provides oversight on financial operations. Their duties include reviewing and recommending investment policy as well as monitoring and investing OSBA's assets. Committee members this year were OSBA President Maureen Wolf, OSBA President-Elect Scott Rogers, OSBA Vice President Sonja McKenzie, Yamhill-Carlton board member Jami Egland, Phoenix Talent School Board member Dawn Watson, Greater Albany business official Russ Allen, Special Districts Association of Oregon Chief Financial Officer Mike Doherty, High Desert ESD board member John Lang, and me.

In conclusion, OSBA's financial position remains strong. Our goals continue to include maximizing our services to members while remaining fiscally responsible. The budget for 2021-22 shows a projected slight decrease overall, but a likely increase in asset (investment principal) usage; which will reduce the value of our investment portfolio unless we are able to increase our investment returns. Most budgeted items are similar to last year and OSBA has extended but reduced our contribution to help ensure the Forecast5 software remains affordable for all Oregon districts. Rest assured that we are intent on using your money wisely as we work to be a strong resource and partner for our members.