

**KFCS Board members in attendance:** Bill Jennings, Lori Theros, Don Ambers; Mike Moore; and Trina Perez.

**KFCS Budget Committee members in attendance:** Keith Endacott; Don McDonnell; Carol Usher; Kathy Hewit and Justin Rodriguez.

**KFCS Board members not in attendance:** Jeremy Player; and Mychal Amos.

**KFCS Budget Committee members not in attendance:** Wendy Clark; and Ben Vallejos

- A. **CALL TO ORDER**—The 2017-2018 Budget Adoption meeting was called to order by Chairman Bill Jennings at 6:02 PM
- B. **PUBLIC COMMENT** – Wendy Savage; Shendy McAtee; Bryan Bicknell; George Tyson; and Chris Tyson all addressed the board regarding music cuts for the 2017-2018 budget. Their specific concerns were that cutting a .05 FTE in the elementary music program would result in the creation of hardship and stress for administrators trying to juggle schedules when music teachers are handling more than one school; music allows students to develop self-confidence, academic skills, social skills, etc.; and the supposition that the district does not value music programs.
- C. Mike Moore motioned to accept the minutes with the suggested changes and Don Ambers seconded the motion.

**VOTE:** Mr. Jennings; Ms. Theros; Mr. Ambers; Mr. Moore; Ms. Perez; Mr. Endacott; Mr. McDonnell; Ms. Usher; Ms. Hewitt; and Mr. Rodriguez voted in the affirmative. There were no dissenting votes or abstentions. The motion carried.

- D. **KUHS OVERVIEW** – Mr. Herron shared a PowerPoint presentation with the board and budget committee members showing all that has been going on over the past two weeks. Dr. Hillyer explained the 30% inflation in construction that occurred between the time of the bond approval and construction. The district was fortunate that \$36 million bond was able to be increased to \$40 million. The first bids on the project came in \$16 million over budget. Estimates on the redesigned project came in at \$14 million over. At that time the contractor was terminated and Diversified Contractors was hired. In regard to the timeline on the project, the architects stated that the project could be completed in 1 year, which of course turned out to be incorrect. The GMP is now in place and gives a constructible, beautiful project. In many ways the new project provides for more new portions of the school. Bonds in other areas of the state have experienced the same construction climate, but have not undertaken value engineering to get more for their dollars, they are simply cutting pieces out. The GMP for academics came in about on budget at \$15.9 million, it has a projected July 31, 2018 completion date. Two seismic improvement grants have been significant to the budget. The arts building has been budgeted for \$3 million. The project remains slightly over budget and the district is

pursuing opportunities for additional funding. Ms. Totten-Perry pointed out that the state Historical Society sent a letter to the district extending congratulations on maintaining the historic integrity of the building. A project with such a high degree of difficulty and challenge has never been attempted in Klamath County. Ms. Totten-Perry noted that the seismic grant for arts building was delayed by the state for five months. She stated she is very proud of this project. Dr. Hillyer recognized Ms. Totten-Perry for helping to save millions of dollars by having the district self-perform a number of projects.

- E. **BUDGET UPDATE** – Ms. Baldini reported that many adjustments have been made after looking at every single staff person more than once and no unnecessary reductions were made. Since last meeting COSA has recommended not to exceed an \$8.1 billion school fund, the KFCs budget was based on \$8.2 billion. The May adjustment for 2015-2016 has been finalized, so that adds another \$700,000 for the ending fund balance and which allows for adding back some positions that were slated to be cut. Still proposing a 48% split. \$20,761,684.00 proposed budget. General fund summary shows revenue change of projected ending balance which now shows \$4.3 million up from \$3.9 million. In the May meeting the projected balance was \$4,435,000.00. On the expenditure side they have been updated with the same transfers and the contingency at the full 5%. Ms. Baldini answered questions regarding the transfer authority of \$500,000.00. The amount of transportation depreciation is mandated to have a transfer to fund 206. The table of contents was updated with information comparing the 2016-2017 approved budget and the 2017-2018 proposed budget. FTE adopted and approved is a reduction of 4.22 FTE. The .5 FTE music position is in function 1111. There would be sufficient funds in the budget to support retaining a .5 FTE music teacher if that were the decision of the district. Mr. Rodriguez expressed his support of retaining the .5 FTE in music if possible. This revenue projection does not include any participation fees (the district is removing those in an effort to increase participation). Ms. Baldini reported that Ponderosa is showing a slight increase on incoming 6<sup>th</sup> graders, KUHS incoming 9<sup>th</sup> graders is basically the same as it has been historically. Ms. Baldini answered questions regarding special funds and the various restrictions associated with them. If title funds were lost then our general fund would have to absorb those. Title, IDEA, etc. come as block grants to the state and then the state distributes them. They are based on number of students, etc. Title funds are used for a lot of professional development. Entitlements have not been cut mid-year. Some of the services provided to the entire county for example our ECI employees provide those services to all students in KFCs and KCSD. Federal and state grant dollars can charge overhead (5.9%) which comes back to the general fund to support the entire district. When the district receives a state or federal grant award it is posted electronically to the state of Oregon electronic grants management system. The system then notifies the district of the award along with all of the stipulations and requirements of using that grant. Every month general ledger reports are created for each special revenue fund. The grant managers then send those funds to reimburse (nothing received in advance). Some grants extend beyond the districts fiscal year. Special revenue budget is authority to spend the money if the money is allocated and received. Title grants would not have an ending fund balance because it is reimbursable. Fund 220 capital funds would have a beginning fund balance, as would Medicaid claiming account, but not the grant awards. A grant from ODE must be balanced and reconciled at the end of the fiscal year. Special revenue funds cannot be co-mingled. Special revenue funds can roll forward year after year.

**MOTION:** Don McDonnell motions to approve the presented budget for presentation to the school board for consideration and approval, the motion was seconded by Carol Usher.

**VOTE:** Carol Usher; Justin Rodriguez; Mike Moore; Keith Endacott; Trina Perez; Lori Theros; Bill Jennings; Don McConnell; Kathy Hewitt; and Don Ambers all voted in favor. . There were no dissenting votes or abstentions. The motion carried.

**ADJOURNMENT:** The Klamath Falls City Schools board adjourned the budget approval board meeting at 7:57p.m.

A blue rectangular box containing a handwritten signature in black ink that reads "Teri Leeper Taylor".

Teri Leeper Taylor, Board Secretary