

**Redmond School District
School Board Work Session
October 27, 2010**

In Attendance: Chair Jim Erickson, Vice-Chair Cathy Miller, Directors Paul Rodby, Ric Little, Superintendent Shay Mikalson, RSD Staff Doug Snyder, Stephanie Curtis, Mike McIntosh, Trish Huspek, Jon Bullock, Mollie O'Brien, Kathy Steinert, Denise Belsher, Lisa Thompson, Barb Rodman, Linda Holland, Sheri Solesbee, Lynn Evans, Media Leslie Pugmire-Hole (*Redmond Spokesman*), association representatives Karen Gray, Judy Newman, Jany Gibbs, Dru Carpenter, Ike Mannes, and Don Fields

Board Chair Jim Erickson called the meeting to order with a quorum of four at 1:49 p.m.

Superintendent Mikalson addressed attendees about the restructuring in the district office since May. His goal is to push financial resources to the classroom. He stated that as a district, we are beginning to operate differently. This will however be the beginning of many hard decisions that will need to be made. "Our attempt will be to keep as many teachers in the classroom as possible."

Cathy requested that the positions that are currently under the shared services model; Debbie Adams and Martha Hinman, be added to the document so that the public understands the savings in regionalization.

Mike McIntosh introduced the fiscal team and expressed his appreciation to them for all the work they do on a daily basis.

Mike McIntosh reviewed the agenda for today's work. He stated that we are on the brink of some catastrophic budget shortfalls. The collaboration model needs to be imbedded into the process of creating a budget for next year.

- The adopted budget is the "game plan for the district. Some post-adopted adjustments have been made (6-days cut from the school year). We are operating within the budget that was adopted last spring. Since then we have received some additional state revenue deficit news. We still have a couple of state quarterly reports to get through.
- Mike provided the board with the fiscal services department mission statement, guiding principles, plans/goals for the 2010-2011 fiscal year.
- The field visit for the audit was last week. He anticipates the report to be received in mid December.
- From this point forward the fiscal department will be developing a 3-5 year plan. The goal is to be proactive in creating the 2011-12 budget. The revenue side is a moving target but we know it will be less than what we have this year. We also know there will be significant expenditures that will need to be covered.
- Jon Bullock and Mike McIntosh will be going to every school to present Budget 101 so that everyone understands how a school district budget is created.
- Currently our district is 80% personnel. The average in other districts is 85%.
- The operations side of the district is 17-18% (heating, electricity, etc.) Those expenses are constant.
- The district provides discretionary funds to each school and department for items like paper, pencils, replacement textbooks, etc. Our district has a total discretionary fund of \$674,000.

Cathy stated that she is concerned about grant funds that are currently funding programs. She is concerned about those programs if that funding stream is eliminated.

- Board members were walked through the State of Revenues and Expenditures for FY 2010-11. If we spend as planned and the revenue comes in as anticipated, we will be okay.
- An adjustment will be made in December but the May revenue forecast is the most solid for building a budget. The district has had a history of spending more than we bring in and therefore the beginning fund balance has been decreasing. Board policy says that a minimum of 5% be held back for beginning funds balances.
- PERS rates are dictated to us by the investment pool. This is the rate that we charge ourselves. It was determined to not decrease our rates due to the fact that an increase is pending.
- The May adjustment is for the prior year's ADM. Throughout the year, we will make adjustments and the revenue will be adjusted accordingly.

Bond Dollars

Residual dollars from the 04 bond: \$900,000 can be applied to the roof issue at Elton Gregory. There is a limit how long we can retain money and earn interest.

Debt Service Schedule

Review of what the debt service obligation of \$9 million this year. Taxes were assessed to cover that expense. Tax payers did receive a decrease in the tax rate per thousand.

Cash flow projections for capital bond projects - Mike reviewed the earnings that have been realized on bond dollars. Once the initial proceeds were invested there wasn't a great deal of managing was needed. Investments are managed by the Finance Committee. Mollie stated that the district is due to proceed with an RFP process for banking services.

Mike reviewed the various grants that the district have been awarded. All grants have strict reporting requirements by the state. Some of them are running out and some are renewable through the competitive grant process.

Advanced diploma students are reported on our ADM and therefore the district receives funding for them.

Mike reviewed the 2011-2012 budget preparation plans. He welcomes partnerships with all stakeholders within the district. The budget committee will need to take the recommendations from staff, review them and then ultimately make a recommendation to the board. There is a tentative schedule of meetings, beginning in November, to begin meeting with association representatives to begin preliminary work.

Budget Concerns

Reduction in revenue from ODE - based on declining enrollment \$1,139,000
 Offset by \$1,296,000 increase in BBF
 Additional payment to RPA - \$418,000
 Total: \$1,557,000

On the Horizon 2011-2012

Loss of federal revenue \$950,000

Reserves

PERS rate increase \$1,790,000 (annual expense)	\$1,600,000.00
Decline in Enrollment \$800,000	
Real Estate payment \$741,000	\$ 100,000.00
Over spending \$(2,900,000)	

Total: \$7,181,000.00
 Reserves: \$1,700,000.00
 Difference: \$5,481,000.00

Cathy Miller requests that a budget be prepared excluding the \$250,000 potential income from the sale of the Evergreen building.

Mike wants to begin building next year's budget from the bottom up; the hard costs that we know the expenses for and then build from there. Jim wants to make sure that the budget is still based on "the plan; the primary mission of every child, every chance, every day. Mike indicated that "essential" expenses will need to be identified.

Dru Carpenter and Judy Newman stated that the budget book that Mike and his staff have prepared provides great clarity to the budget process.

Jim Erickson expressed his appreciation to Mike McIntosh for the time that he has committed to learning the fiscal department.

Mike wants to make sure that everyone realizes that the numbers that were presented today are subject to change based on a great many moving parts.

Cathy spoke to the health savings costs that could be saved if the district is able to opt out of OEBS.

ADJOURN

Cathy Miller moved and Paul Rodby seconded the motion to adjourn the work session at 4:01p.m. Motion carried 4-0.

Jim Erickson, School Board Chair

Trish Huspek, Executive Assistant