

EUGENE PUBLIC SCHOOLS
School District No. 4J Lane County
May 23, 2011

MEMORANDUM

To: Budget Committee Members

From: George Russell
Superintendent

Re: May 23, 2011 Budget Committee Meeting

I. Roll Call

II. Items Raised by the Audience

Public testimony is welcome at budget committee meetings and time is set aside at each meeting to hear comments from the audience.

III. Items for Information and Discussion

A. Review State Economic Forecast Update

Oregon's Office of Economic Analysis released the Oregon Economic and Revenue Forecast on May 12, 2011. Staff will provide a summary of the forecast results.

B. Continue Review of Proposed 2011-12 Budget

At your meeting on May 9, 2011, I presented the 2011-12 budget message and staff began reviewing the General Fund proposed budget and reductions. Staff will complete the review of the General Fund and briefly review the proposed budgets for other funds.

I will also recommend revisions to the Proposed Budget to recognize the impact of updated financial projections for the current fiscal year as well as voter approval of the district's \$70 million general obligation bond in the election conducted last week. At the meeting, staff will provide you with information supporting the following changes:

General Fund

Resources: Increase Net Working Capital by \$362,000 based on updated 2010-11 financial projections

Requirements:

1. Add 2.9 licensed FTE (\$257,304) to the budget for Less Restrictive Programs for Students with Disabilities, inadvertently omitted from the Proposed Budget
2. Increase appropriations for Regular High School Programs by \$38,000 to provide for International Baccalaureate assessments, inadvertently omitted from the Proposed Budget
3. Increase the Contingency Fund by \$7,000 to reflect the higher level of expenditures described above
4. Increase the Unappropriated Ending Fund Balance by \$59,695, the difference between the increase in Net Working Capital and the additional appropriations.

Capital Projects Fund

Resources: Recognize \$35 million in Bond Proceeds.

To begin implementing the capital improvement program funded with \$70 million general obligation bond approved May 17, district staff plans to issue \$35 million in August 2011 and the remaining \$35 million in approximately three years, once the initial bond proceeds are expended.

Requirements:

1. Increase the Building Acquisition, Construction, and Improvement Services appropriation by \$5.4 million to reflect the incremental increase in capital spending expected in 2011-12
2. Increase the Financial Services appropriation by \$310,000 to cover costs associated with the issuance of the bonds, including financial advisory, underwriting and legal fees and the cost of obtaining a bond rating
3. Increase the Unappropriated Ending Fund Balance by \$29,290,000 to hold remaining bond proceeds in reserve for use in future years

Debt Service Fund

The district's debt service levy for 2011-12 needs to be increased to cover the additional debt service requirements associated with the \$35 million in bonds to be issued in August 2011. Prior Year's Taxes are being increased to restore anticipated collections to 30% of projected outstanding taxes receivable.

Resources:

1. Recognize an increase in Current Year's Taxes of \$422,778
2. Recognize an increase in Prior Years' Taxes of \$81,000
3. Recognize Other Federal Revenue representing the Quality School Construction Bond interest supplement totaling \$900,000

Requirements: Increase the Long-Term Debt Service appropriation by \$1,403,778 for the payment of principal and interest related to the bonds

IV. Items for Action at This Meeting

A. Motions to Approve Budget and Declare Tax Rates and Debt Service Levy (if review is complete)

According to Oregon Local Budget Law, the Budget Committee approves the budget, sets the tax rate and debt service levy and forwards this recommendation to the governing body for public hearing and action. The appropriate motions are described below:

1. Approve the Budget Total for All Funds, including:
 - a. General Fund Total of \$142,262,000 or as amended by the budget committee.
 - b. Other Funds Total of \$166,604,178 or as amended by the budget committee.
2. Declare the Tax Rates and Debt Service Levy:
 - a. General Fund tax rate of \$4.7485 per \$1,000 of assessed valuation of the district.
 - b. Local Option Levy tax rate of \$1.50 per \$1,000 of assessed valuation of the district.
 - c. Debt Service Fund tax levy of \$14,597,778.

D. Set Date of the Budget Hearing

I recommend that the committee set the official public hearing to be conducted by the board of directors for June 15, 2011.

V. Items Raised by Budget Committee Members

VI. Adjournment

