



## EXECUTIVE SUMMARY

<b>Meeting Date:</b>	January 15, 2026
<b>Agenda Item:</b>	Budget Amendment #1-2025-26
<b>Item Type:</b>	Action
<b>Administrator:</b>	Jeanne Grazioli, Brad Earl
<b>Objective:</b>	Review and Approve Budget Amendment #1-2025-26

**Background:** The adopted budget is built on a series of assumptions around both estimated revenues and expenses. When actual events vary from those assumptions, it sometimes becomes necessary to amend the budget by increasing or decreasing appropriations or to transfer appropriation authority from one fund to another or between appropriation categories within the same fund. A transfer of appropriation authority is a decrease of one existing appropriation and a corresponding increase of another existing appropriation, with no net change in the amount of all appropriations (ORS 294.450).

For the 2025-26 budget, the net result of the first set of recommended amendments across all funds is summarized on the last page of this memo.

The 2025-26 year-end Adopted Budget General Fund Budget deficit spending of \$3.30 million is being increased by \$1.458 million to \$4.758 million in this amendment due to the one-time addition of \$0.25 million of costs in amendment #1c to relocate district office staff from the leased Biddle Road site to other District owned sites and \$1.208 million in costs in amendment #1d for wood beam inspections, construction drawings and some repairs. The District expects \$0.25 million annual lease savings starting in 2026-27 from the staff relocation. Amendments #1E through #1P have a net zero impact to General Fund Contingency/Reserves. Year-end fund balance for the General Fund is projected to be \$18.3 million or approximately 9.2%.

	<u>FY 2025-26 General Fund Budget</u>		
	<u>Adopted</u>	<u>Amended #1</u>	<u>Change</u>
Beginning Balance	\$ 17,802,295	\$ 23,058,686	\$ 5,256,391
Budget Surplus/<Deficit>	<\$3,300,000>	<\$4,758,000>	\$ <1,458,000>
Ending Fund Balance	\$14,502,295	\$18,300,686	\$ 3,798,391

A spreadsheet roadmap is attached detailing all the proposed changes to various fund types.

I recommend the Board approve the following set of amendments.

**Amendment #1A – Amendment to modify 2025-26 Beginning Fund Balances and Contingency/Reserves up \$9.38 million to match 2024-25 audited financial results.**

This amendment modifies the budgeted beginning fund balance for all fund types based on audited results as of 06/30/25. On a consolidated basis across all fund types, beginning fund balance and Contingency/Reserves are being increased by \$9.38 million. The increases by fund type are as follows: General Fund \$5.25 million, Special Revenue \$3.93 million, Capital Projects \$0.07 million, Trust and Agency \$0.14 million partially offset by Debt Service down \$0.01 million.

The General Fund was favorable \$5.25 million to budget, resulting in a net \$1.78 million increase in fund balance. The favorable result to budget was driven by a combination of \$1.885 million or 1.0% favorable revenue and \$3.365 million or 1.8% underspending. The \$1.885 million favorable revenue was primarily driven by the combination of local sources favorable \$0.80 million or 1.5% (favorable property tax, indirect grant charges and other misc.), intermediate resources favorable \$0.10 million or 3.2% due to underspending on choice & equity services with SOESD, state sources favorable \$0.75 million or 0.5% due primarily driven by a higher high cost SPED reimbursement driven by higher costs and other financing sources over \$0.22 million due to GASB 87/96. The GASB 87/96 variance in revenue was offset by the same increase in expense, GASB 87/96 entries in total have no net impact on fund balance. (GASB 87/96 is accounting for leases and subscription-based information technology arrangements.) Spending was under \$3.365 million primarily driven by an almost evenly split between Instruction under \$1.78 million or 1.6% and Support Services under \$1.81 million or 2.6% partially offset by Facilities Acquisition and Development being over budget \$0.22 million. These variances were primarily driven by staffing vacancies and to a lesser extent savings on supplies and services.

The Special Revenue fund was \$3.93 million favorable. The primary driver of underspending was on capital projects that did not get finished by 06/30/2025, most of which are being rolled over and re-appropriated in 2025-26 in amendment #1B. The largest project not completed was the \$2.5 million IA renovation which was mostly completed in July-September.

The remaining \$0.195 million favorable beginning fund balances are spread across Trust and Agency \$0.139 million and Capital Projects fund \$0.070 million partially offset by Debt Service down \$0.014 million.

**Amendment #1B – Amendment to re-appropriate timing of Special Revenue Fund spending and receipts from prior year. Increase State sources \$0.45 million, increase Facilities Acquisition & Construction \$3.05 million, increase Instruction Expense \$0.45 million and decrease Contingency \$3.05 million.**

This amendment primarily re-appropriates capital projects funded but not completed in 2024-25. Some of the larger projects include: Innovation Academy \$2.46 million, security work at McLoughlin, Abraham Lincoln and Kennedy \$0.265 million, emergency generator at Hoover \$0.18 million and various fencing and concrete repair projects \$0.1 million. This amendment also reflects some summer school grant spending and offsetting revenue of \$0.45 million.

**Amendment #1C – Amendment to fund one-time Biddle road district office relocation costs. In the General Fund, increase Transfers out to Other Funds and decrease Contingency \$0.25 million. In the Special Revenue Fund increase Transfers in from Other Funds and Facilities Acquisition and Construction \$0.25 million.**

This amendment funds limited build out work at various district owned locations where Biddle road district office personnel are being relocated. The district plans to end the Biddle lease at the end of this fiscal year resulting in \$0.25 million annual lease cost savings moving forward starting with the 2026-27 fiscal year.

**Amendment #1D – In the General Fund - Amendment to increase Transfers out to Other Funds \$1.208 million and decrease Contingency \$1.208 million. In the Special Revenue Fund increase Transfers in from Other Funds 1.208 million and increase Facility acquisition/construction \$1.208 million.**

After multiple buildings with wood beamed roof supports collapsed in Oregon School districts, re-insurance companies threatened to cancel coverage of buildings that had wood beams of a certain type and age. A compromise was reached to maintain re-insurance coverage whereby schools agreed to inspect and repair, if necessary, all of their wood beam ceilings. The district is about 25% complete with the evaluation process. This amendment is for engineering fees to perform inspections \$0.1 million, construction drawings for repairs identified \$0.108 million and repairs at various sites identified so far of \$1.00 million. As the inspection process continues, we expect to find additional repair needs and we expect to come back for approval to effect additional repairs in the \$2.4-\$3.6 million dollar range over the next 12-24 months. If identified wood beam repairs are not made, insurance will not cover a roof collapse similar to what happened at North Medford High School. This is a statewide issue, a small state grant for engineering assessment (\$10K-\$25K) is available and the District is applying for that grant. District leadership is also in contact with legislators to ask the legislature to consider construction/repair grants.

**The following 2025-26 budget amendments #1E-#1O results in a combined zero dollar change to General Fund Contingency/Fund Balance.**

**Amendment #1E – General Fund amendment to reflect higher state and local revenue. Increase other local sources \$0.10 million, increase state sources \$0.10 million and increase Contingency \$0.2 million.**

This amendment reflects slightly higher other local source and increased state sources. The state source increase is primarily driven by a higher Juvenile Detention (JDEP) state grant.

**Amendment #1F – General Fund Amendment to increase Current year property tax and decrease state sources \$1.0 million. This amendment has no impact to total revenue.**

This amendment increases the forecast for local property tax based on the November 2025 levy and decreases the state school fund (SSF) based on the SSF funding formula. In theory, the District will get a net pick up of about \$24.5K as our share of the shared property tax statewide, but we are leaving it as zero for now due to many districts making changes to property tax forecasts with most of them being negative.

**Amendment #1G – General Fund Amendment to decrease Instruction expense and increase Contingency \$1.0 million.**

This amendment reflects lower overall charter school enrollment and thus lower related pass through to charter schools.

**Amendment #1H – General Fund Amendment to increase Instruction expense and decrease Contingency \$0.25 million.**

This amendment reflects the addition of 3.0 Licensed FTE over the adopted budget to reduce blended classes at the Elementary level.

**Amendment #1I – In the General Fund - Amendment to increase Instruction expense and decrease Contingency \$0.715 million. In the Special Revenue Fund – Amendment to decrease State sources \$0.455 million, decrease Federal Sources \$0.26 million and decrease instruction expense \$0.715 million.**

This amendment reflects lower than budgeted grant awards for Student Investment Act, High School Success and IDEA.

**Amendment #1J – In the General Fund - Amendment to increase Instruction expense \$0.70 million, decrease Support Services expense \$0.67 million and decrease Contingency \$0.03 million.**

This amendment reflects the results of the annual staffing reconciliation during October/November comparing actual staffing and associated payroll costs to the Adopted Budget which was developed in the prior spring. The net impact of this adjustment is a reduction in Contingency of \$30K.

It should be noted, there were 25 vacant budgeted positions at the time of the November reconciliation with a total annual cost of \$1.78 million that are included in the budget. Thus, we would expect the District to be under budget for salaries and associated payroll costs at fiscal year-end some amount due to vacancies. The amount of underspending at year end will depend on how many positions stay vacant and how long they are vacant.

**Amendment #1K – In the General Fund - Amendment to increase Support Service expense \$0.37 million and decrease Contingency \$0.37 million reflecting higher insurance costs.**

This amendment reflects \$0.149 million higher property insurance costs driven primarily by large claims from Medford and Bend School Districts and \$0.217 million higher liability insurance costs primarily due to the combination of higher Cyber fraud claims in Oregon, higher liability claims, the lifting of the statute of limitations on most liability claims, and the way some judges are adjudicating liability claim settlements.

**Amendment #1L – In the General Fund - Amendment to decrease Transfers out to other funds \$0.50 million and increase Contingency \$0.50 million. In the Special Revenue Fund, decrease Transfers in from other funds \$0.5 million and decrease Instruction expense \$0.5 million.**

This amendment reflects a revised lower estimate for total Math Curriculum adoption from \$3.0 million to \$2.5 million for this fiscal year.

**Amendment #1M – In the General Fund - Amendment to increase Instruction expense and decrease Contingency \$0.03 million.**

This amendment reflects the cost of the portion of last year's music instrument order that did not arrive until after 06/30/2025.

**Amendment #1N – In the General Fund - Amendment to increase Support Service expense and decrease Contingency \$0.13 million.**

This amendment funds the replacement of two 28 year old passenger vans.

**Amendment #1O – In the General Fund - Amendment to increase Support Service expense and decrease Contingency \$0.08 million.**

This amendment funds some ADA accommodations at Wilson Elementary and evacuation chairs at multiple locations that have an elevator. The evacuation chairs are used to help students with disabilities evacuate second floor sites in case of a power outage.

**Amendment #1P – In the General Fund - Amendment to increase State Sources \$0.23 million, increase Support Service expense \$0.33 million and decrease Contingency \$0.10 million.**

This amendment funds increased transportation costs due to increased service levels driven by higher staffing levels. In 2020 staffing levels dropped from 99 drivers to 49 drivers. Since that time staffing has been building back up towards pre-pandemic levels reaching 98 drivers as of December 2025. Please remember, home to school transportation is reimbursed 70% as part of the state school fund transportation grant.

By approving this Budget Amendment the Board is authorizing amendments and appropriation transfers for the Medford School District's 2025-26 budget in the following amounts:

**General Fund** – Increase Beginning Fund Balance \$5,256,391, increase Property Taxes \$1,000,000, increase Other local sources \$100,000, decrease State sources \$669,684, increase Instruction expense \$691,877, increase Support Service expense \$238,438, increase Transfers out to other funds \$958,000 and increase Contingency \$3,798,391.

**Special Revenue Fund** – Increase Beginning Fund Balance \$3,929,912, decrease State sources \$5,311 decrease Federal sources \$260,000 and increase transfers in from other funds \$958,000. Decrease Instruction expense \$765,311, increase Facilities Acquisition/Construction \$4,508,000 and increase Contingency \$879,912.

**Debt Service Fund** – Decrease Beginning Fund Balance and Contingency \$14,293.

**Capital Projects Fund** – Increase Beginning Fund Balance and Contingency \$70,218.

**Trust and Agency** – Increase Beginning Fund Balance and Contingency \$139,272.

**Additional Materials:** [Budget Amendment Roadmap](#)

**Recommendation:** Recommending approval of the proposed budget amendment.

**Suggested Motion:** *“I move to approve Budget Amendment #1-2025-26 as presented.”*