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Christy Perry, Superintendent

Date: January 13, 2023
To: Christy Perry, Superintendent
From: Robert Silva, Chief Operations Officer
Re: Financial Update for the Quarter Ended December 31, 2022

Board Policy EL-8, Item 6 sets out a provision for the School Board to receive quarterly financial reports that include a recap of changes between the current and previous report in expenditures, revenue, enrollment, and a projected ending fund balance. The information provided in this memo summarizes the highlights of the second quarterly report for the 2022-23 fiscal year.

Comparison of September 30, 2022 to December 31, 2022 Report:

As of December 2022, the district is estimating an increase of \$5.0 million to the General Fund projected ending fund balance, net of transportation facility, over the September Financial Update due to projected increase in revenue and decrease in expenditures as described below. The General Fund projected ending fund balance net of the transportation facility of \$68.7 million is 10.77% of operating revenue.

Current Year (2022-23) Outlook:

- **Revenue** – The district is forecasting a \$3.2 million increase in General Fund revenues as compared to the September Financial Update. This increase is due to an additional \$1.2 million projected in interest income, additional \$0.3 million in Emergency Connectivity Fund reimbursement for expenses incurred during the school year, \$1.6 million in State School Fund (SSF) revenue based on recent data provided by Oregon Department of Education, and \$0.1 million in miscellaneous revenues. The SSF revenue increase is largely due to a decrease in statewide ADMw, which resulted in an increased funding per ADMw.
- **Expenditures** – The district is forecasting an additional General Fund expenditure under-spending of approximately \$1.8 million in supplies and materials and purchased services as compared to the September Financial Update. This December quarterly report reflects the resolution authorizing budgetary transfers of appropriations approved and adopted by the school board on December 13, 2022. The total budget did not change.
- **Enrollment** – The December 2022 enrollment includes 39,426 students compared to 39,784 from last December, a decrease of 358 students. The district regularly monitors enrollment as it is a very critical factor in SSF funding.

- **Summary and Look Ahead**

The district is projecting a 2022-23 General Fund ending fund balance of \$68.7 million, or 10.77% of operating revenue. Note that fluctuations will likely occur between this report and subsequent quarterly reports as updated and actual information becomes available. In looking ahead, as expressed on the September Financial Update, the district is still unsure of what the upcoming 2023-25 biennium will look like. The Governor’s proposed budget is still not out. Thus, we do not know the impact to SSF funding will be at this time. In addition, the collective bargaining agreements’ expiration is approaching, and it is more than likely costs to the district will increase when negotiations are completed. Leadership is evaluating program and operational needs to prepare for the potential challenges the district may face.

**Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2023
Quarter Ended December 31, 2022**

	2022-23
State Formula Revenue	\$ 489,993,221
Exempt Revenue	21,594,000
Fund Transfers	2
Total Revenue	\$ 511,587,223
Beginning Fund Balance	109,000,000
Total Budgeted Resources	\$ 620,587,223
Total Expenditure Budget	\$ 620,587,223
Total Budgeted Resources	\$ 620,587,223
Less: Budgeted Beginning Fund Balance	(109,000,000)
Add: Actual Ending Fund Balance 2021-22	109,954,460
Total Budgeted Operating Revenue - Prior to Year End	\$ 621,541,683
Year End Revenue Increase (Decrease)	16,233,020
Total Operating Revenue	\$ 637,774,703
 <u>Fund Balance Projection</u>	
Actual Beginning Fund Balance	\$ 109,954,460
Less Budgeted Carryforward - Fund Balance	(109,000,000)
Adjust Increase (Decrease) - Projected Revenue	16,233,020
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	51,520,152
Projected Ending Fund Balance, Including Transportation Facility	\$ 68,707,632
Restricted for Transportation Facility	-
Projected Ending Fund Balance, Net of Transportation Facility	\$ 68,707,632
 Projected Ending Fund Balance as a Percent of Operating Revenue	10.77%
<i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i>	