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Christy Perry, Superintendent

Date: August 27, 2021
TO: Christy Perry, Superintendent
FROM: Michael D. Wolfe, Chief Operations Officer
RE: Financial Update for the Quarter Ended June 30, 2021

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 fourth quarterly report for the 2020-21 fiscal year.

While this is the last quarterly report for fiscal year 2020-21, it is important to note that the information contained in this report is a projection of our ending fund balance for June 30, 2021 and is not final. The audited Comprehensive Annual Financial Report will contain final numbers.

Comparison of March 31, 2021 to June 30, 2021 Report:

As of June 2021, the District is estimating an increase of \$2.2 million to the General Fund projected ending fund balance, net of transportation facility, over the March Financial Update. The 2020-21 General Fund projected ending fund balance of \$113.5 million includes \$32.1 million restricted for the transportation facility. The General Fund projected ending fund balance net of transportation facility of \$81.4 million is 13.82% as a percent of operating revenue.

Current Year (2020-21) Outlook:

- **Revenue** – The District is forecasting a slight increase to revenue of \$0.2 million as compared to the March Financial Update.
- **Expenditures** – The District is forecasting additional savings of \$2.0 million in General Fund expenditures, net of transportation facility, as compared to the March Financial Update. Costs associated with the transition from comprehensive distance learning to hybrid learning and the additional school days added at the end of the school year came in lower than projected.
- **Enrollment** – The June 2021 enrollment was 39,398, a decrease of 2,029 students compared to the same month in the prior year. Overall, the State of Oregon is seeing a downward trend in enrollment. The District continues to monitor current enrollment numbers and work with statewide organizations to better understand the impacts on revenue and staffing projections.

- **Summary and Look Ahead**

The Administrative Policy ADM-A001 was updated and sets the targeted General Fund ending fund balance between 7% to 12% of annual General Fund operating revenue. Although the 2020-21 General Fund projected ending fund balance is \$81.4 million, or 13.82% of operating revenue, this significant fund balance will be needed to support anticipated increased costs and the potential decrease in revenue as we go into the 2021-23 biennium. The 2021-22 budget was built on \$9.4 billion State School Fund (SSF) revenue with no cost-of-living adjustments (COLA) and no health insurance increases. Collective bargaining agreements were not final at that time. The SSF revenue was approved at \$9.3 billion for the 2021-23 biennium. Furthermore, student enrollment has been impacted by the pandemic statewide. In looking forward, the District will continue its efforts to contain costs, generate additional savings and may use Federal resources to support the General Fund as necessary to sustain operations and continue to maintain a sufficient General Fund balance.

Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2021
Quarter Ended June 30, 2021

| | 2020-21 |
|---|-----------------------|
| State Formula Revenue | \$ 503,704,380 |
| Exempt Revenue | 23,735,000 |
| Fund Transfers | 3 |
| Total Revenue | \$ 527,439,383 |
| Beginning Fund Balance | 55,000,000 |
| Total Budgeted Resources | \$ 582,439,383 |
| Total Expenditure Budget | \$ 582,439,383 |
| Total Budgeted Resources | \$ 582,439,383 |
| Less: Budgeted Beginning Fund Balance | (55,000,000) |
| Add: Actual Ending Fund Balance 2019-20 | 65,736,765 |
| Total Budgeted Operating Revenue - Prior to Year End | \$ 593,176,148 |
| Year End Revenue Increase (Decrease) | (4,133,414) |
| Total Operating Revenue | \$ 589,042,734 |
| <u>Fund Balance Projection</u> | |
| Actual Beginning Fund Balance | \$ 65,736,765 |
| Less Budgeted Carryforward - Fund Balance | (55,000,000) |
| Adjust Increase (Decrease) - Projected Revenue | (4,133,414) |
| Adjust Decrease (Increase) - Projected Expenses - Includes Contingency | 106,885,618 |
| Projected Ending Fund Balance, Including Transportation Facility | \$ 113,488,969 |
| Restricted for Transportation Facility | 32,092,967 |
| Projected Ending Fund Balance, Net of Transportation Facility | \$ 81,396,002 |
| Projected Ending Fund Balance as a Percent of Operating Revenue | 13.82% |
| <i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i> | |