



MICHAEL D. WOLFE
Chief Operations Officer
2450 Lancaster Dr. NE • PO Box 12024 • Salem, Oregon 97309-0024
503-399-3036 • Cell 503-508-9700 • Fax: 503-399-3407

Christy Perry, Superintendent

Date January 28, 2019
TO: Christy Perry, Superintendent
FROM: Michael D. Wolfe, Chief Operations Officer
RE: Financial Update for the Quarter Ended December 31, 2018

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 2018-19 fiscal year.

Comparison of September 30, 2018 Report to December 31, 2018 Report

As of December 2018, the District is estimating an increase of \$13.3 million to the General Fund projected ending fund balance over the September Financial Update attributed primarily to continued savings associated with personnel vacancies. The projected 2018-19 General Fund ending fund balance is \$49.0 million or 9.72% as a percent of operating revenue and will fluctuate throughout the year based on changes in revenues and expenditures.

Current Year (2018-19) Outlook:

- **Revenue** – The District is forecasting a \$2.6 million increase in General Fund revenues as compared to the September Financial Update. This increase is comprised of a projected increase mainly in local sources (such as property taxes).
- **Expenditures** – The District is forecasting an additional General Fund under-spending of approximately \$10.7 million as compared to the September forecast. The additional projected savings is mainly in salaries and associated payroll costs due to staff vacancies.
- **Enrollment** – The December enrollment includes 41,793 students compared to 41,985 from last December, a decrease of 192 students. The monthly comparison with the previous year does not change the long-term growth projection for the district as provided by Portland State University Population Research Center and confirmed by FLO Analytics through the recent Boundary Adjustment Task Force recommendations.

Summary and Look Ahead

The District is projecting a General Fund ending fund balance of \$49.0 million, or 9.72%, for 2018-19. State School Fund (SSF) revenues for this biennium are being paid to Districts 50% in each year. Typically, distributions are 49% and 51% in the first and second year, respectively. This variance in distribution inflated the ending fund balance for the first fiscal year of the biennium and then is expected to deplete in the second fiscal year when expenses rise and revenues are flat. In looking ahead, the District will continue its efforts to contain costs and generate additional savings in preparation for the 2019-21 biennium.

Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2019
Quarter Ended December 31, 2018

	2018-19
State Formula Revenue	\$ 423,010,038
Exempt Revenue	18,260,834
Fund Transfers	4,600,002
Total Revenue	\$ 445,870,874
Beginning Fund Balance	46,000,000
Total Budgeted Resources	\$ 491,870,874
Total Expenditure Budget	\$ 491,870,874
Total Budgeted Resources	\$ 491,870,874
Less: Budgeted Beginning Fund Balance	(46,000,000)
Add: Actual Ending Fund Balance 2017-18*	51,478,033
Total Budgeted Operating Revenue - Prior to Year End	\$ 497,348,907
Year End Revenue Increase (Decrease)	6,470,437
Total Operating Revenue	\$ 503,819,344
<u>Fund Balance Projection</u>	
Actual Beginning Fund Balance*	\$ 51,478,033
Less Budgeted Carryforward - Fund Balance	(46,000,000)
Adjust Increase (Decrease) - Projected Revenue	6,470,437
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	37,029,355
Projected Ending Fund Balance	\$ 48,977,825

Projected Ending Fund Balance as a Percent of Operating Revenue 9.72%
Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)