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Christy Perry, Superintendent

Date April 14, 2020  
TO: Christy Perry, Superintendent  
FROM: Michael D. Wolfe, Chief Operations Officer  
RE: Financial Update for the Quarter Ended March 31, 2020

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 third quarterly report for the 2019-20 fiscal year.

#### **Comparison of December 31, 2019 Report to March 31, 2020 Report**

As of March 2020, the District is estimating a decrease of \$3.5 million to the General Fund projected ending fund balance over the December Financial Update attributed primarily to increases in purchased services. The projected 2019-20 General Fund ending fund balance is \$49.3 million or 9.27% as a percent of operating revenue and will fluctuate throughout the year based on changes in revenues and expenditures.

#### **Current Year (2019-20) Outlook:**

- **Revenue** – The District is forecasting only a marginal change to revenue currently. It remains steady at \$531.9 million.
- **Expenditures** – The District is forecasting an additional General Fund under-spending of approximately \$2.6 million as compared to the December forecast. This is comprised of an additional projected savings of \$1.5 million in salaries and associated payroll costs due to staff vacancies and \$4.1 million in supplies and materials, purchased services and capital outlay.
- **Enrollment** – The March enrollment includes 41,414 students compared to 41,438 from last March, a decrease of 24 students. The District continues to monitor current enrollment numbers and future projections to determine if we are entering a period of overall decline, which would be a departure from the projections by Portland State University Population Research Center and FLO Analytics. Further analysis is underway to better understand the situation.

#### **Summary and Look Ahead**

The District continues to assess the situation created by the COVID-19 global pandemic. Monitoring and reducing expenditures are prudent steps given the financial uncertainty facing the State of Oregon, the country and world. As more information from the state becomes available, the District will consider all options to address any disruption to revenues.

**Salem-Keizer Public Schools**  
**General Fund Revenue & Expenditure Projection**  
**Fiscal Year Ending June 30, 2020**  
**Quarter Ended March 31, 2020**

	<b>2019-20</b>
State Formula Revenue	\$ 465,491,974
Exempt Revenue	4,880,000
Fund Transfers	100,003
Total Revenue	<b>\$ 470,471,977</b>
Beginning Fund Balance	50,000,000
Total Budgeted Resources	<b>\$ 520,471,977</b>
Total Expenditure Budget	<b>\$ 520,471,977</b>
Total Budgeted Resources	\$ 520,471,977
Less: Budgeted Beginning Fund Balance	(50,000,000)
Add: Actual Ending Fund Balance 2018-19	58,847,654
Total Budgeted Operating Revenue - Prior to Year End	<b>\$ 529,319,631</b>
Year End Revenue Increase (Decrease)	2,633,476
Total Operating Revenue	<b>\$ 531,953,107</b>
<b><u>Fund Balance Projection</u></b>	
Actual Beginning Fund Balance	\$ 58,847,654
Less Budgeted Carryforward - Fund Balance	(50,000,000)
Adjust Increase (Decrease) - Projected Revenue	2,633,476
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	37,843,709
Projected Ending Fund Balance	<b>\$ 49,324,839</b>

Projected Ending Fund Balance as a Percent of Operating Revenue 9.27%  
*Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)*