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Christy Perry, Superintendent

Date September 17, 2020
TO: Christy Perry, Superintendent
FROM: Michael D. Wolfe, Chief Operations Officer
RE: Financial Update for the Quarter Ended June 30, 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 fourth quarterly report for the 2019-20 fiscal year.

While this is the last quarterly report for fiscal year 2019-20, it is important to note that the information contained in this report is a projection of our ending fund balance for June 30, 2020 and is not final. The audited Comprehensive Annual Financial Report will contain final numbers. Due to the COVID-19 pandemic and subsequent executive orders from Governor Kate Brown, there were many changes from normal operations for the district.

Comparison of March 31, 2020 Report to June 30, 2020 Report

As of June 2020, the District is estimating an increase of \$16.4 million to the General Fund projected ending fund balance over the March Financial Update attributed to changes in spending due to COVID-19. The primary categories for savings were in salaries, purchased services and supplies. The projected 2019-20 General Fund ending fund balance is \$65.7 million or 12.38% 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 realized a marginal decrease to revenue of \$0.8M as compared to the March Financial Update. Revenues are estimated to be \$531.1M at fiscal year end.
- **Expenditures** – The District realized additional General Fund under-spending of approximately \$17.3 million as compared to the March Financial Update. This is comprised of an additional projected savings of \$12.2 million in salaries and associated payroll costs due to vacancies and cost savings with furloughs. There were savings of \$5.1 million in supplies and materials, purchased services and capital outlay which can be partially attributed to the change to comprehensive distance learning during the fourth quarter of the year.
- **Enrollment** – No new enrollment figures were completed after March 2020. 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 is working through all of the challenges associated with the COVID-19 response, implementation of Edge and all of the ramifications to the budget for the coming year. The situation is evolving daily, and changes will be made as information is received from the state.

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

	2019-20
State Formula Revenue	\$ 465,491,974
Exempt Revenue	4,880,000
Fund Transfers	100,003
Total Revenue	\$ 470,471,977
Beginning Fund Balance	50,000,000
Total Budgeted Resources	\$ 520,471,977
Total Expenditure Budget	\$ 520,471,977
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	\$ 529,319,631
Year End Revenue Increase (Decrease)	1,807,694
Total Operating Revenue	\$ 531,127,325
<u>Fund Balance Projection</u>	
Actual Beginning Fund Balance	\$ 58,847,654
Less Budgeted Carryforward - Fund Balance	(50,000,000)
Adjust Increase (Decrease) - Projected Revenue	1,807,694
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	55,083,594
Projected Ending Fund Balance	\$ 65,738,942

Projected Ending Fund Balance as a Percent of Operating Revenue 12.38%
Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)