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Christy Perry, Superintendent

Date: May 03, 2023
To: Christy Perry, Superintendent
From: Robert Silva, Chief Operations Officer
Re: Financial Update for the Quarter Ended March 31, 2023

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 2022-23 fiscal year.

Comparison of December 31, 2022 to March 31, 2023 Report:

As of March 2023, the district is estimating an increase of \$8.4 million to the General Fund projected ending fund balance over the March Financial Update mainly due to decrease in expenditures as described below. The General Fund projected ending fund balance of \$77.1 million is 12.11% of operating revenue. Note that variations will likely occur between this report and subsequent quarterly reports as updated and actual information becomes available.

Current Year (2022-23) Outlook:

- **Revenue** – The district is forecasting a slight decrease of approximately \$900,000 in General Fund revenues, as compared to the December Financial Update. The reimbursement of prior year expenses related to the Emergency Connectivity Fund (ECF) is complete. The ECF reimbursement for devices was on a per device cost that has a maximum reimbursable amount and the cost of devices purchased was more than the maximum reimbursable amount. Thus, devices were not 100 percent reimbursed. This decrease in revenue is offset by an increase in projected interest income.
- **Expenditures** – The district is forecasting an additional General Fund expenditure under-spending of approximately \$9.3 million as compared to the December Financial Update largely due to increased savings in salaries and associated payroll costs. Payroll costs have come in lower than projected due to continued staff vacancies.
- **Enrollment** – The March 2023 enrollment includes 39,230 students compared to 39,372 from last March, a decrease of 142 students. The district regularly monitors enrollment and the impact on State School Fund (SSF) revenue. As long as the district’s portion of the statewide Average Daily Membership Weighted (ADMw) remain relatively unchanged, SSF funding will not be impacted.

- **Summary and Look Ahead**

The district is projecting a 2022-23 General Fund ending fund balance of \$77.1 million, or 12.11% of operating revenue. The Governor and Co-Chairs of Ways and Means' budgets for the 2023-25 biennium have been released with SSF at \$9.9 billion, which is below what is needed to maintain current service levels. Though, the SSF is not yet final as the state legislature is still in session. As mentioned on prior quarterly financial update reports, both collective bargaining group agreements will expire in June 2023 and costs to the district may increase when negotiations are finalized. The Elementary and Secondary Schools Emergency Relief Funds (ESSER) federal grant expires in September 2024 and is one of the large funding sources for many positions. These are significant factors that make it very critical to maintain a sufficient General Fund ending fund to ensure minimal to no impact on the students and to sustain financial stability.

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

	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)	15,325,503
Total Operating Revenue	\$ 636,867,186
 <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	15,325,503
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	60,853,440
Projected Ending Fund Balance, Including Transportation Facility	\$ 77,133,403
Restricted for Transportation Facility	-
Projected Ending Fund Balance, Net of Transportation Facility	77,133,403
Projected Ending Fund Balance as a Percent of Operating Revenue	12.11%
<i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i>	