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Andrea Castañeda, Superintendent

Date: September 11, 2023
To: Andrea Castañeda, Superintendent
From: Robert Silva, Chief Operations Officer
Re: Financial Update for the Quarter Ended June 30, 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 fourth quarterly report for the 2022-23 fiscal year.

Comparison of March 31, 2023 to June 30, 2023 Report:

As of June 2023, the district is estimating an increase of \$6.4 million to the General Fund projected ending fund balance, net of the transportation facility, over the March Financial Update. This increase was mainly caused by expenditures coming in lower than expected and other funding sources absorbing projected costs. The General Fund projected ending fund balance of \$83.5 million is 13.09% of operating revenue.

While this is the last quarterly report for fiscal year 2022-23, it is important to note that the information contained in this report is a projection of our ending fund balance for June 30, 2023, and is not final. The audited Annual Comprehensive Financial Report will contain final numbers.

Current Year (2022-23) Outlook:

- **Revenue** – The district is forecasting a slight increase of approximately \$900,000 in General Fund revenues, as compared to the March Financial Update. The district received approximately \$1.0 million in Federal Emergency Management Agency (FEMA) reimbursement related to the COVID-19 pandemic. The timing of the actual reimbursement was variable but was received in time to be included in the fiscal year 2022-23. The district does not expect to receive any additional FEMA reimbursement related to the COVID-19 pandemic.
- **Expenditures** – The district is forecasting an additional decrease in General Fund expenditures of approximately \$5.5 million, net of the transportation facility, as compared to the March Financial Update. Actuals came in lower than projected, \$2.9 million less in payroll costs and \$2.6 million in supplies and materials not received by June 30, 2023, which are expected to arrive at a later time.
- **Enrollment** – The June 2023 enrollment includes 38,692 students compared to 38,788 from last June, a decrease of 96 students. The district continues to experience declining enrollment, like with most districts in the state. The district continues to monitor it closely and its effect on State School Fund (SSF) revenue.

- **Summary and Look Ahead** – The district is projecting a 2022-23 General Fund ending fund balance of \$83.5 million, or 13.09% of operating revenue. The 2023-25 biennium SSF has been approved by the legislature at \$10.2 billion. Although this provided additional funding, the district is forecasting a General Fund gap for the 2024-25 fiscal year. Both collective bargaining agreements are still in bargaining. The Elementary and Secondary Schools Emergency Relief Funds (ESSER) federal grant expires in September 2024 and a large number of positions are funded out of this grant. District leadership is working diligently to close the projected gap and to ensure General Fund financial stability is sustained.

Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2023
Quarter Ended June 30, 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) | 16,236,693 |
| Total Operating Revenue | \$ 637,778,376 |
| Fund Balance Projection | |
| Actual Beginning Fund Balance | \$ 109,954,460 |
| Less Budgeted Carryforward - Fund Balance | (109,000,000) |
| Adjust Increase (Decrease) - Projected Revenue | 16,236,693 |
| Adjust Decrease (Increase) - Projected Expenses - Includes Contingency | 67,068,418 |
| Projected Ending Fund Balance, Including Transportation Facility | \$ 84,259,571 |
| Restricted for Transportation Facility | 763,990 |
| Projected Ending Fund Balance, Net of Transportation Facility | 83,495,581 |
| Projected Ending Fund Balance as a Percent of Operating Revenue | 13.09% |
| <i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i> | |