



SARAH HEAD, Director of Budget and Financial Services
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Andrea Castañeda, Superintendent

Date: September 19, 2024
To: Andrea Castañeda, Superintendent
From: Sarah Head, Director of Budget and Financial Services
Re: Financial Update for the Quarter Ended June 30, 2024

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 financial highlights of the fourth quarter for the 2023-24 fiscal year.

Comparison of March 31, 2024 to June 30, 2024 Report:

The district is seeing a \$95.5 million General Fund ending fund balance, an increase of \$8.3 million, over the March Financial Update due to increased revenue and a decline in projected expenditures, as discussed below.

While this is the last quarterly report for fiscal year 2023-24, it is important to note that the information contained in this report is a projection of our ending fund balance for June 30, 2024, and is not audited or final. The audited Annual Comprehensive Financial Report will contain final numbers.

Current Year (2023-24) Outlook:

This June quarterly report reflects the supplemental budget approved and adopted by the school board on April 9, 2024.

- **Revenue** – At this time, revenue is \$5.5 million higher in General Fund revenues as compared to the March Financial Update forecasted amount. This includes additional revenues in interest income of approximately \$1.3 million, \$900,000 in indirect administrative charges assessed to grants mainly due to ESSER grant being spent down, \$500,000 in Willamette Education School District (WESD) revenue, and \$300,000 in other revenue sources. Furthermore, the district received an additional \$2.5 million in State School Fund (SSF) revenue mainly due to a positive May adjustment for fiscal year 2022-23.
- **Expenditures** – There is an additional underspend of \$2.8 million in General Fund expenditures as compared to the March Financial Update. This is comprised of additional savings of \$3.4 million in payroll costs largely due to additional payroll expenses being charged to grants instead of the General Fund, offset by an increase of \$600,000 in supplies and materials.
- **Enrollment** – The June 2024 enrollment is 38,047 students compared to 38,692 from last June, a decrease of 645 students. Although enrollment and ADM continues to decline, the district is funded based on extended ADMw, which uses the higher of current or prior year ADMw. As long as the district's portion of the statewide ADMw remains steady, SSF funding should also remain steady.

- **Summary and Look Ahead**

Currently, the General Fund is showing an ending fund balance of \$95.5 million, or 14.97%, of operating revenue fiscal year 2023-24. This large fund balance is a result of using grants instead of the General Fund for allowable expenses and many cost-saving efforts the district has taken throughout the fiscal year as stated in the prior quarterly financial reports. Significant reductions were made in the 2024-25 budget in an effort to lower the revenue and expense gap. As the district begins to plan for the fiscal year 2025-26, it must consider several factors that will impact the district's financial position. The SKEA licensed collective bargaining agreement will expire on June 30, 2025. The cost of unemployment is unknown at this time, but it is anticipated it will increase. In addition, PERS rates are expected to increase for the upcoming biennium. Having a large fund balance will help alleviate some of the pressure on the General Fund.

**Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2024
Quarter Ended June 30, 2024**

| | 2023-24 |
|---|-----------------------------|
| State Formula Revenue | \$ 511,169,499 |
| Exempt Revenue and Fund Transfers | <u>27,233,672</u> |
| Total Budgeted Revenue | \$ 538,403,171 |
| Budgeted Beginning Fund Balance | <u>86,637,000</u> |
| Total Budgeted Resources | \$ 625,040,171 |
| Total Budgeted Expenditure | \$ 625,040,171 |
| | |
| Total Budgeted Resources | \$ 625,040,171 |
| Less: Budgeted Beginning Fund Balance | (86,637,000) |
| Add: Actual Ending Fund Balance 2022-23 | <u>86,636,672</u> |
| Total Operating Revenue - Prior to Year End | \$ 625,039,843 |
| Year End Revenue Increase/(Decrease) | <u>12,949,174</u> |
| Total Operating Revenue | \$ 637,989,017 |
| | |
| <u>Fund Balance Projection</u> | |
| Actual Beginning Fund Balance | \$ 86,636,672 |
| Less: Budgeted Beginning Fund Balance | (86,637,000) |
| Adjust Increase/(Decrease) - Projected Revenue | 12,949,174 |
| Adjust Decrease/(Increase) - Projected Expenses - includes Contingency | <u>82,538,032</u> |
| Projected Ending Fund Balance | <u>\$ 95,486,878</u> |
| | |
| Projected Ending Fund Balance as a Percent of Total Operating Revenue | 14.97% |
| <i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i> | |