



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

Date: October 22, 2024
To: Andrea Castañeda, Superintendent
From: Sarah Head, Director of Budget and Financial Services
Re: Financial Update for the Quarter Ended September 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 first quarter for the 2024-25 fiscal year.

Prior Year (2023-24) Recap:

The district's audited financial statements are in the process of being finalized and will be presented in the 2023-24 Annual Comprehensive Financial Report. Preliminary numbers indicate that the General Fund ending fund balance for the fiscal year will be approximately \$96.0 million, or 15% of General Fund revenues.

Current Year (2024-25) Outlook:

- **Revenue** – The district is forecasting a \$12.0 million increase in General Fund resources as compared to budget. This increase is mainly due to an additional \$9.0 million in the beginning fund balance, which was generated by additional revenues such as interest income, indirect administrative charges assessed to grants and State School Fund (SSF) positive May adjustment as well as grant support. An additional \$3.0 million in interest income is estimated with the assumption that interest rates will remain high during the fiscal year.
- **Expenditures** – The district is forecasting General Fund underspending in personnel and goods and services of approximately \$19.1 million as compared to budget. The underspend is comprised of \$18.0 million in salaries and associated payroll costs due to projected staff vacancies, or approximately 3.5% of budgeted payroll costs, and \$1.1 million in supplies and materials and purchased services. This \$19.1 million underspend, combined with operating contingency of \$60.1 million that is typically not spent unless an unusual or extraordinary event occurs, is a total of \$79.2 million.
- **Enrollment** – The September 2024 enrollment is 38,606 students compared to 39,357 from last September, a decrease of 751 students. The September enrollment number is higher than the projected average enrollment, however, it is expected to decline throughout the school year.
- **Summary and Look Ahead**
A General Fund ending fund balance of \$91.2 million, or 13.85%, of operating revenue is estimated for the 2024-25 fiscal year. The licensed collective bargaining agreement is set to expire at the end of the 2024-25 fiscal year and it is unknown what the impact will be when negotiations are complete. Wages, PERS and unemployment costs are expected to increase in the upcoming fiscal year. Therefore, the district will continue to contain costs and generate savings as much as it can to prepare for the upcoming fiscal year.

Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2025
Quarter Ended September 30, 2024

	2024-25
State Formula Revenue	\$ 533,499,078
Exempt Revenue and Fund Transfers	26,011,524
Total Budgeted Revenue	\$ 559,510,602
Budgeted Beginning Fund Balance	87,000,000
Total Budgeted Resources	\$ 646,510,602
Total Budgeted Expenditure	\$ 646,510,602
Total Budgeted Resources	\$ 646,510,602
Less: Budgeted Beginning Fund Balance	(87,000,000)
Add: Actual Ending Fund Balance 2023-24*	96,000,000
Total Operating Revenue - Prior to Year End	\$ 655,510,602
Year End Revenue Increase/(Decrease)	3,039,297
Total Operating Revenue	\$ 658,549,899
<u>Fund Balance Projection</u>	
Actual Beginning Fund Balance*	\$ 96,000,000
Less: Budgeted Beginning Fund Balance	(87,000,000)
Adjust Increase/(Decrease) - Projected Revenue	3,039,297
Adjust Decrease/(Increase) - Projected Expenses - includes Contingency	79,192,035
Projected Ending Fund Balance	\$ 91,231,332
Projected Ending Fund Balance as a Percent of Total Operating Revenue	13.85%
<i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i>	

*Please note the 2023-24 Ending Fund Balance is an unaudited number, thus not final.