



MICHAEL D. WOLFE
Chief Operations Officer
2450 Lancaster Dr. NE • PO Box 12024 • Salem, Oregon 97309-0024
503-399-3036 • Cell 503-508-9700 • Fax: 503-399-3407

Christy Perry, Superintendent

Date: April 19, 2018
TO: Christy Perry, Superintendent
FROM: Michael D. Wolfe, Chief Operations Officer
RE: Financial Update for the Quarter Ended March 31, 2018

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 2017-18 fiscal year.

Comparison of December 31, 2017 Report to March 31, 2018 Report

As of March 2018, the District is estimating an increase of \$6.9 million to the General Fund projected ending fund balance over the December Financial Update attributed primarily to continued savings associated with staff vacancies and payroll adjustments. The projected 2017-18 General Fund ending fund balance is \$47.5 million or 9.71% as a percent of operating revenue and will fluctuate throughout the year based on changes in revenues and expenditures.

Current Year (2017-18) Outlook:

Supplemental budgets alter the Adopted budget for the year so all comparisons to budget include the Supplemental Budget adopted by the School Board on September 12, 2017.

- **Revenue** – The District is forecasting a decrease of \$1.6 million in General Fund revenues, as compared to the December Financial Update. This is comprised of a decrease in other sources, offset by projected increases in local sources (such as property taxes) of \$3.5 million, \$0.1 million in intermediate sources, and \$0.8 million in state sources based on recent data provided by Oregon Department of Education.
- **Expenditures** – The District is forecasting an additional \$8.5 million in under-spending, as compared to the December forecast. This is comprised of an additional projected savings of \$7.1 million in salaries and associated payroll costs due to staff vacancies and payroll adjustments to the Grants Fund, and \$1.4 million under-spending in supplies and materials, purchased services and capital outlay.
- **Enrollment** – The April enrollment includes 41,521 students compared to 41,382 from last April, an increase of 139 students. The District enrollment continues to increase at a steady pace and is projected to continue for the foreseeable future by Portland State University Population Research Center.
- **Summary and Look Ahead**
State School Fund (SSF) revenues for this biennium are being paid to Districts 50% in each year. Typically, distributions are 49% and 51% in the first and second year, respectively. This variance in distribution will inflate the ending fund balance this year, and then deplete it next year when expenses rise and revenues are flat. In looking ahead, the District will continue its efforts to contain costs and generate additional savings.

Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2018
Quarter Ended March 31, 2018

	2017-18*
State Formula Revenue	\$ 417,064,558
Exempt Revenue	18,415,531
Fund Transfers	6,000,002
Total Revenue	\$ 441,480,091
Beginning Fund Balance	38,000,000
Total Budgeted Resources	\$ 479,480,091
Total Expenditure Budget	\$ 479,480,091
Total Budgeted Resources	\$ 479,480,091
Less: Budgeted Beginning Fund Balance	(38,000,000)
Add: Actual Ending Fund Balance 2016-17	44,552,699
Total Budgeted Operating Revenue - Prior to Year End	\$ 486,032,790
Year End Revenue Increase (Decrease)	2,948,433
Total Operating Revenue	\$ 488,981,223
<u>Fund Balance Projection</u>	
Actual Beginning Fund Balance	\$ 44,552,699
Less Budgeted Carryforward - Fund Balance	(38,000,000)
Adjust Increase (Decrease) - Projected Revenue	2,948,433
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	37,989,342
Projected Ending Fund Balance	\$ 47,490,474

Projected Ending Fund Balance as a Percent of Operating Revenue 9.71%
Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)

*Budget figures include the Supplemental Budget adopted by the School Board on September 12, 2017.