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Christy Perry, Superintendent

Date July 11, 2019
TO: Christy Perry, Superintendent
FROM: Michael D. Wolfe, Chief Operations Officer
RE: Financial Update for the Quarter Ended June 30, 2019

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 2018-19 fiscal year.

While this is the last quarterly report for fiscal year 2018-19, it is important to note that the information contained in this report is a projection of our ending fund balance for June 30, 2019 and is not final. The audited Comprehensive Annual Financial Report will contain final numbers.

Comparison of March 31, 2019 Report to June 30, 2019 Report

As of June 2019, the District is estimating an increase of \$4.8 million to the General Fund projected ending fund balance over the March quarterly financial report attributed primarily to State School Fund (SSF) estimates from Oregon Department of Education (ODE). The projected 2018-19 General Fund ending fund balance is \$56.3 million or 11.01% as a percent of operating revenue and will fluctuate throughout the year based on changes in revenues and expenditures.

Current Year (2018-19) Outlook:

- **Revenue** – The District is forecasting a \$4.6 million increase in General Fund revenues as compared to the March Financial Update. This increase is primarily due to a \$3.9 million prior year adjustment from the State School Fund.
- **Expenditures** – The District is forecasting a slight decrease in General Fund expenditures of about \$0.2 million as compared to the March forecast. Final payroll expenses for 2018-19 came in lower than anticipated.
- **Enrollment** – The June enrollment includes 41,131 students compared to 41,201 from last June, a decrease of 70 students. While the monthly comparison with the previous year does not change the long-term growth projection for the district as provided by Portland State University Population Research Center and confirmed by FLO Analytics through the recent Boundary Adjustment Task Force recommendations, it has our full attention as we closely monitor enrollment to assess future trends.

Summary and Look Ahead

The projected General Fund ending fund balance for 2018-19 is \$56.3 million, or 11.01% of operating resources and represents a strong financial position as we head into the next biennium. The official number will be available when our financial audit is complete at the end of December. The District has begun preparations for the full implementation of the Student Success Act during the 2019-21 biennium.

Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2019
Quarter Ended June 30, 2019

| | 2018-19 |
|---|-----------------------|
| State Formula Revenue | \$ 423,010,038 |
| Exempt Revenue | 18,260,834 |
| Fund Transfers | 4,600,002 |
| Total Revenue | \$ 445,870,874 |
| | |
| Beginning Fund Balance | 46,000,000 |
| Total Budgeted Resources | \$ 491,870,874 |
| | |
| Total Expenditure Budget | \$ 491,870,874 |
| | |
| Total Budgeted Resources | \$ 491,870,874 |
| Less: Budgeted Beginning Fund Balance | (46,000,000) |
| Add: Actual Ending Fund Balance 2017-18 | 51,478,033 |
| Total Budgeted Operating Revenue - Prior to Year End | \$ 497,348,907 |
| Year End Revenue Increase (Decrease) | 14,062,543 |
| Total Operating Revenue | \$ 511,411,450 |

Fund Balance Projection

| | |
|--|----------------------|
| Actual Beginning Fund Balance | \$ 51,478,033 |
| Less Budgeted Carryforward - Fund Balance | (46,000,000) |
| Adjust Increase (Decrease) - Projected Revenue | 14,062,543 |
| Adjust Decrease (Increase) - Projected Expenses - Includes Contingency | 36,771,943 |
| Projected Ending Fund Balance | \$ 56,312,519 |

Projected Ending Fund Balance as a Percent of Operating Revenue 11.01%
Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)