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Christy Perry, Superintendent

Date January 10, 2020  
TO: Christy Perry, Superintendent  
FROM: Michael D. Wolfe, Chief Operations Officer  
RE: Financial Update for the Quarter Ended December 31, 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 second quarterly report for the 2019-20 fiscal year.

#### **Comparison of September 30, 2019 Report to December 31, 2019 Report**

As of December 2019, the District is estimating an increase of \$16.9 million to the General Fund projected ending fund balance over the September Financial Update attributed primarily to continued savings associated with personnel vacancies. The projected 2019-20 General Fund ending fund balance is \$52.9 million or 9.94% as a percent of operating revenue and will fluctuate throughout the year based on changes in revenues and expenditures.

#### **Current Year (2019-20) Outlook:**

- **Revenue** – The District is forecasting a \$3.1 million increase in General Fund revenues as compared to the September Financial Update. This increase is comprised of a projected increase in local sources of about \$3.1 million (i.e. interest income and other miscellaneous revenues), an additional \$0.8 million in intermediate sources, and a projected decrease in state sources of \$0.8 million based on projected common school fund and high cost disability revenues.
- **Expenditures** – The District is forecasting an additional General Fund under-spending of approximately \$13.8 million as compared to the September forecast. This is comprised of an additional projected savings of \$11.2 million in salaries and associated payroll costs due to staff vacancies and \$2.6 million in supplies and materials, purchased services and capital outlay.
- **Enrollment** – The December enrollment includes 41,586 students compared to 41,793 from last December, a decrease of 207 students. The District continues to monitor current enrollment numbers and future projections to determine if we are entering an extended period of overall decline, which would be a departure from the long term projections by Portland State University Population Research Center and FLO Analytics. Further analysis is underway to better understand the situation.

#### **Summary and Look Ahead**

The District is projecting a General Fund ending fund balance of \$52.9 million, or 9.94%, for 2019-20. The grant funds we have received in past years for our mentor program does not appear to be supported at the state level. We made the decision to maintain the program in the hopes that state funding would continue. The program is a critical support for our new teachers and will likely require a supplemental budget to maintain the positions. The staffing crisis in the transportation department is another situation we are closely monitoring and additional General Fund resources may be required to support that operation. The District continues to project State School Fund (SSF) revenue to decrease compared to budget based on our updated enrollment projections. The District will continue its efforts to generate additional savings as it considers the impacts of the 2019 Student Success Act, SB1049: PERS reforms, the bond construction projects, enrollment, and other matters impacting the General Fund ending fund balance.

**Salem-Keizer Public Schools**  
**General Fund Revenue & Expenditure Projection**  
**Fiscal Year Ending June 30, 2020**  
**Quarter Ended December 31, 2019**

	<b>2019-20</b>
State Formula Revenue	\$ 465,491,974
Exempt Revenue	4,880,000
Fund Transfers	100,003
Total Revenue	<b>\$ 470,471,977</b>
Beginning Fund Balance	50,000,000
Total Budgeted Resources	<b>\$ 520,471,977</b>
Total Expenditure Budget	<b>\$ 520,471,977</b>
Total Budgeted Resources	\$ 520,471,977
Less: Budgeted Beginning Fund Balance	(50,000,000)
Add: Actual Ending Fund Balance 2018-19	58,847,654
Total Budgeted Operating Revenue - Prior to Year End	<b>\$ 529,319,631</b>
Year End Revenue Increase (Decrease)	2,648,246
Total Operating Revenue	<b>\$ 531,967,877</b>
<b><u>Fund Balance Projection</u></b>	
Actual Beginning Fund Balance	\$ 58,847,654
Less Budgeted Carryforward - Fund Balance	(50,000,000)
Adjust Increase (Decrease) - Projected Revenue	2,648,246
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	41,357,440
Projected Ending Fund Balance	<b>\$ 52,853,340</b>

Projected Ending Fund Balance as a Percent of Operating Revenue 9.94%  
*Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)*