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Christy Perry, Superintendent

Date: July 19, 2018
TO: Christy Perry, Superintendent
FROM: Michael D. Wolfe, Chief Operations Officer
RE: Financial Update for the Quarter Ended June 30, 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 fourth quarterly report for the 2017-18 fiscal year.

While this is the last quarterly report for fiscal year 2017-18, it is important to note that the information contained in this report is a projection of our ending fund balance for June 30, 2018 and is not final. The audited Comprehensive Annual Financial Report will contain final numbers.

Comparison of March 31, 2018 Report to June 30, 2018 Report

As of June 2018, the District is estimating a decrease of \$0.3 million to the General Fund projected ending fund balance compared to the March Financial Update. The projected 2017-18 General Fund ending fund balance is \$47.2 million or 9.65% as a percent of operating revenue.

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 and June 12, 2018.

- **Revenue** – The District is forecasting an increase of \$0.4 million in General Fund revenues, as compared to the March Financial Update. This is comprised of a projected decrease of \$0.7 million in local sources (i.e. property taxes), offset by projected increases of \$ 0.6 million in intermediate sources and \$0.5 million in state sources based on recent data provided by Oregon Department of Education.
- **Expenditures** – The District is forecasting an increase in General Fund expenditures of \$0.7 million, as compared to the March forecast. This is comprised of additional costs in salaries and associated payroll costs of \$0.6 million, and \$0.1 million in supplies and materials, purchased services and capital outlay.
- **Enrollment** – The June enrollment includes 41,201 students compared to 41,092 from last June, an increase of 109 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 June 30, 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)	3,413,190
Total Operating Revenue	\$ 489,445,980
<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	3,413,190
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	37,281,707
Projected Ending Fund Balance**	\$ 47,247,596

Projected Ending Fund Balance as a Percent of Operating Revenue 9.65%
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 and June 12, 2018.

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