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Christy Perry, Superintendent

Date November 8, 2019  
TO: Christy Perry, Superintendent  
FROM: Michael D. Wolfe, Chief Operations Officer  
RE: Financial Update for the Quarter Ended September 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 first quarterly report for the 2019-20 fiscal year.

#### **Prior Year (2018-19) Recap:**

The District's audited financial statements are in the process of being finalized and will be presented in the 2018-19 Comprehensive Annual Financial Report (CAFR) in December. However, preliminary numbers indicate that the General Fund Ending Fund Balance will be approximately \$58.8 million, or 12.75%.

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

- **Revenue** – The District is forecasting a \$0.5 million decrease in General Fund revenues as compared to budget. This decrease is comprised of a projected increase in local sources of about \$0.5 million (i.e. interest income), an additional \$0.1 million in intermediate sources, a projected decrease in state sources of \$1.0 million. State sources are projected to decrease \$1.5M based on updated enrollment projections that impact the District's State School Fund (SSF) revenue, and an increase in common school funding of \$0.5M. There is a forecasted decrease in interfund transfers and federal sources of \$0.1 million.
- **Expenditures** – The District is forecasting General Fund under-spending of approximately \$27.6 million. This includes the budgeted contingency of \$21.2 million. The remaining under-spending is comprised of \$5.7 million in staff vacancies and \$0.7 million in supplies and materials, purchased services and capital outlay or about 1% of the budgeted expenditures.
- **Enrollment** – The September enrollment includes 42,100 students compared to 42,133 from last September, a decrease of 33 students. The District continues to monitor current enrollment numbers and future projections to determine if we are entering a period of overall decline, which would be a departure from the 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 \$36.0 million, or 6.80%, 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 the operation.

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

	<b>2019-20</b>
State Formula Revenue	\$ 465,491,974
Exempt Revenue	4,880,000
Fund Transfers	100,003
<b>Total Revenue</b>	<b>\$ 470,471,977</b>
Beginning Fund Balance	50,000,000
<b>Total Budgeted Resources</b>	<b>\$ 520,471,977</b>
<b>Total Expenditure Budget</b>	<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*	58,847,653
<b>Total Budgeted Operating Revenue - Prior to Year End</b>	<b>\$ 529,319,630</b>
Year End Revenue Increase (Decrease)	(441,261)
<b>Total Operating Revenue</b>	<b>\$ 528,878,369</b>

**Fund Balance Projection**

Actual Beginning Fund Balance	\$ 58,847,653
Less Budgeted Carryforward - Fund Balance	(50,000,000)
Adjust Increase (Decrease) - Projected Revenue	(441,261)
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	27,570,924
<b>Projected Ending Fund Balance</b>	<b>\$ 35,977,316</b>

Projected Ending Fund Balance as a Percent of Operating Revenue 6.80%  
*Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)*

\*Please note the 2018-19 Ending Fund Balance is an unaudited number, thus not final.