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Christy Perry, Superintendent

Date           October 30, 2020  
TO:           Christy Perry, Superintendent  
FROM:       Michael D. Wolfe, Chief Operations Officer  
RE:           Financial Update for the Quarter Ended September 30, 2020

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 2020-21 fiscal year.

#### **Prior Year (2019-20) Recap:**

The District's audited financial statements are in the process of being finalized and will be presented in the 2019-20 Comprehensive Annual Financial Report (CAFR) in December. However, preliminary numbers indicate that the General Fund Ending Fund Balance (EFB) will be approximately \$65.7 million, or 12.38% of General Fund revenues. This includes estimated furlough savings of approximately \$6.3 million.

#### **Current Year (2020-21) Outlook:**

- **Revenue** – The District is forecasting a \$2.7 million decrease in General Fund revenues as compared to budget. This decrease is comprised of a projected increase in intermediate sources of about \$1.1 million, a projected decrease in local sources of about \$1.5 million, and a projected decrease in state sources of \$2.3 million. ODE is currently recalculating the 2020-21 State School Fund allocations. Even though enrollment has declined, the revenue is expected to hold steady due to the application of Extended ADMw. Extended ADMw allows a district to use the revenue allocation of the previous year if it is higher than the current year. Interest rates for investments are decreasing as well, which contributes to the decrease in local source revenues.
- **Expenditures** – The District is forecasting General Fund under-spending of approximately \$37.1 million. This includes the budgeted contingency of \$23.7 million. The remaining under-spending is comprised of \$7.7 million in vacancies, \$0.8 million in furlough savings and \$4.8 million in supplies and materials and purchased services. Comprehensive distance learning and reductions in travel and extracurricular activities have contributed to savings in those areas.
- **Enrollment** – The September 2020 enrollment report of 40,739 students as compared to 42,100 from last September shows a decrease of 1,361 students. While this is substantial, all indications are that the state is seeing a general downward trend in overall enrollment. The District was monitoring enrollment trends to determine future projections prior to COVID-19 and will engage Portland State University Population Research Center and/or FLO Analytics to aid in further analysis to better understand the situation that we are facing.

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

The District is projecting a 2020-21 General Fund EFB of \$45.1 million, or 7.64%. The EFB will fluctuate throughout the year as we continue to adjust to the challenges and opportunities related to COVID-19, such as increased personnel and technology costs associated with supporting comprehensive distance learning and our new online academy EDGE. These costs will be reflected in the next quarterly report. As a reminder, Administrative Policy ADM-001 sets the targeted EFB between 5% to 7% of the total GF resources. Maintaining a substantial EFB will be critical as the District begins to prepare for the 2021-23 biennium.

**Salem-Keizer Public Schools**  
**General Fund Revenue & Expenditure Projection**  
**Fiscal Year Ending June 30, 2021**  
**Quarter Ended September 30, 2020**

	<b>2020-21</b>
State Formula Revenue	\$ 502,624,380
Exempt Revenue	24,815,000
Fund Transfers	3
Total Revenue	<b>\$ 527,439,383</b>
Beginning Fund Balance	55,000,000
Total Budgeted Resources	<b>\$ 582,439,383</b>
Total Expenditure Budget	<b>\$ 582,439,383</b>
Total Budgeted Resources	\$ 582,439,383
Less: Budgeted Beginning Fund Balance	(55,000,000)
Add: Actual Ending Fund Balance 2019-20	65,736,765
Total Budgeted Operating Revenue - Prior to Year End	<b>\$ 593,176,148</b>
Year End Revenue Increase (Decrease)	(2,679,609)
Total Operating Revenue	<b>\$ 590,496,539</b>
<b><u>Fund Balance Projection</u></b>	
Actual Beginning Fund Balance	\$ 65,736,765
Less Budgeted Carryforward - Fund Balance	(55,000,000)
Adjust Increase (Decrease) - Projected Revenue	(2,679,609)
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	37,085,227
Projected Ending Fund Balance	<b>\$ 45,142,382</b>

Projected Ending Fund Balance as a Percent of Operating Revenue 7.64%  
*Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)*  
revenue over the current biennium.