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Christy Perry, Superintendent

Date: April 16, 2021
TO: Christy Perry, Superintendent
FROM: Michael D. Wolfe, Chief Operations Officer
RE: Financial Update for the Quarter Ended March 31, 2021

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 third quarterly report for the 2020-21 fiscal year.

Comparison of December 31, 2020 to March 31, 2021 Report:

As of March 2021, the District is estimating an increase of \$8.8 million to the General Fund projected ending fund balance, net of transportation facility, over the December Financial Update attributed primarily to payroll adjustments. The projected 2020-21 General Fund ending fund balance of \$111.6 million includes \$32.4 million restricted for the transportation facility. The General Fund ending fund balance net of the transportation facility is \$79.2 million which is 13.44% as a percent of operating revenue. The District updated its financial management policy (ADM-A001) related to maintaining an EFB between 7% and 12%.

Current Year (2020-21) Outlook:

- **Revenue** – The District is forecasting a \$2.7 million increase in General Fund revenues, net of the transportation facility, as compared to the December Financial Update. This is comprised of a projected increase of \$0.3 million in local sources (such as property taxes), a \$2.1 million increase in State School Fund (SSF) revenue based on recent data provided by Oregon Department of Education, and a \$0.3 million increase in Common School Fund revenue.
- **Expenditures** – The District is forecasting additional savings of \$6.1 million in General Fund expenditures, net of the transportation facility, as compared to the December Financial Update. The Federal CARES Act – ESSER grant provided funding to maintain custodial staffing levels and support the District’s efforts to bring students and staff back into a safe and healthy environment, which allowed \$7.8 million of payroll adjustments from the General Fund to the grant. The savings is offset by a \$1.5 million projected increase in personnel costs as the District transitions from comprehensive distance learning into hybrid learning and days were added to the school calendar due to inclement weather that resulted in school closures in February. In addition, the savings is reduced by an increase of \$0.2 million in supplies, materials and purchased services.
- **Enrollment** – The March 2021 enrollment includes 39,648 students compared to 41,414 from last March, a decrease of 1,766 students. Overall, the State of Oregon is seeing a downward trend in enrollment related to the pandemic. The District continues to monitor current enrollment numbers and work with statewide organizations to better understand the impacts on revenue and staffing projections.

- **Summary and Look Ahead**

There are still unknown variables that will impact the General Fund ending fund balance by the end of the fiscal year. The District continues to monitor the changes in enrollment across the state and revenue impacts in the upcoming biennium. With costs anticipated to increase and if the Governor's proposed budget holds State School Fund flat, the District will have to make plans and decisions to maintain a sufficient General Fund balance. Federal resources may be used to support the General Fund as necessary to sustain operations.

**Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2021
Quarter Ended March 31, 2021**

	2020-21
State Formula Revenue	\$ 503,704,380
Exempt Revenue	23,735,000
Fund Transfers	3
Total Revenue	\$ 527,439,383
Beginning Fund Balance	55,000,000
Total Budgeted Resources	\$ 582,439,383
Total Expenditure Budget	\$ 582,439,383
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	\$ 593,176,148
Year End Revenue Increase (Decrease)	(4,304,550)
Total Operating Revenue	\$ 588,871,598
 Fund Balance Projection	
Actual Beginning Fund Balance	\$ 65,736,765
Less Budgeted Carryforward - Fund Balance	(55,000,000)
Adjust Increase (Decrease) - Projected Revenue	(4,304,550)
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	105,123,104
Projected Ending Fund Balance, Including Transportation Facility	\$ 111,555,318
Restricted for Transportation Facility	32,403,935
Projected Ending Fund Balance, Net of Transportation Facility	\$ 79,151,383
Projected Ending Fund Balance as a Percent of Operating Revenue	13.44%
<i>Administrative Policy ADM-A001 5.1 (5%-7% Targeted Ending Fund Balance)</i>	