



SARAH HEAD
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Christy Perry, Superintendent

Date: November 24, 2021
TO: Christy Perry, Superintendent
FROM: Sarah Head, Director of Budget and Financial Services
RE: Financial Update for the Quarter Ended September 30, 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 first quarterly report for the 2021-22 fiscal year.

Prior Year (2020-21) Recap:

The district's audited financial statements are in the process of being finalized and will be presented in the 2020-21 Comprehensive Annual Financial Report in December. However, preliminary numbers indicate that the General Fund ending fund balance (EFB) net of transportation facility will be approximately \$89.0 million, or 15.08% of General Fund revenues.

Current Year (2021-22) Outlook:

This September quarterly report reflects the supplemental budget approved and adopted by the school board on November 9, 2021.

- **Revenue** – The district is forecasting a \$21.7 million increase in General Fund revenues, net of the transportation facility, as compared to budget. This increase is mainly due to an additional \$19.0 million in beginning fund balance. Additionally, increased revenue in local sources (i.e., property taxes, fees charged to grants) of \$2.9 million and a net decrease of \$0.2 million in intermediate, state, and federal sources are projected.
- **Expenditures** – The district is forecasting General Fund expenditure underspending of approximately \$51.2 million, net of transportation facility, as compared to budget. This includes the budgeted contingency of \$19.8 million. The remaining underspending is comprised of \$26.4 million in salaries and associated payroll costs due to projected staff vacancies, partly related to staff shortages the District is experiencing during the ongoing COVID-19 pandemic, and \$5.0 million in supplies and materials and purchased services. Supply chain issues are slowing expenditures significantly.
- **Enrollment** – The September 2021 enrollment includes 40,378 students compared to 40,739 from last September, a decrease of 361 students. The district continues to monitor current enrollment numbers and is seeing a similar situation across the state.
- **Summary and Look Ahead**
The district is projecting a 2021-22 General Fund ending fund balance of \$72.9 million, or 11.58% of operating revenue, net of transportation facility. The ongoing COVID-19 pandemic has impacted the district in every way. As long as enrollment in the district fluctuates at the same rate as other districts funding will remain stable, but if the district declines more quickly than the rest of the state revenue will be impacted. It is also anticipated costs will increase in the subsequent years. Furthermore, there are still unknown factors that may impact this projection. Thus, the district will continue to monitor, make plans and decisions to maintain a sufficient General Fund balance to ensure financial sustainability into the next biennium.

Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2022
Quarter Ended September 30, 2021

	2021-22
State Formula Revenue	\$ 463,772,408
Exempt Revenue	42,748,000
Fund Transfers	3
Total Revenue	\$ 506,520,411
Beginning Fund Balance	102,400,000
Total Budgeted Resources	\$ 608,920,411
Total Expenditure Budget	\$ 608,920,411
Total Budgeted Resources	\$ 608,920,411
Less: Budgeted Beginning Fund Balance	(102,400,000)
Add: Actual Ending Fund Balance 2020-21*	121,196,548
Total Budgeted Operating Revenue - Prior to Year End	\$ 627,716,959
Year End Revenue Increase (Decrease)	1,322,310
Total Operating Revenue	\$ 629,039,269
<u>Fund Balance Projection</u>	
Actual Beginning Fund Balance	\$ 121,196,548
Less Budgeted Carryforward - Fund Balance	(102,400,000)
Adjust Increase (Decrease) - Projected Revenue	1,322,310
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	59,104,680
Projected Ending Fund Balance, Including Transportation Facility	\$ 79,223,538
Restricted for Transportation Facility	6,371,642
Projected Ending Fund Balance, Net of Transportation Facility	\$ 72,851,896
Projected Ending Fund Balance as a Percent of Operating Revenue	11.58%
<i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i>	

*Please note the 2020-21 Ending Fund Balance is an unaudited number, thus not final.