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Christy Perry, Superintendent

Date: August 23, 2022
TO: Christy Perry, Superintendent
FROM: Robert Silva, Chief Operations Officer
RE: Financial Update for the Quarter Ended June 30, 2022

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 2021-22 fiscal year.

While this is the last quarterly report for fiscal year 2021-22, it is important to note that the information contained in this report is a projection of our ending fund balance for June 30, 2022 and is not final. The audited Comprehensive Annual Financial Report will contain final numbers.

Comparison of March 31, 2022 to June 30, 2022 Report:

As of June 2022, the district is estimating a decrease of \$1.1 million to the General Fund projected ending fund balance, net of the transportation facility, compared to the March Financial Update. The General Fund projected ending fund balance, net of the transportation facility, of \$97.0 million is 15.21% of operating revenue.

Current Year (2021-22) Outlook:

- **Revenue** – The district is forecasting a decrease of \$2.1 million in General Fund revenue, net of the transportation facility, as compared to the March Financial Update. This is comprised of a decrease in \$8.1 million in local sources due to technology purchases pending reimbursement from the Emergency Connectivity Fund (ECF). The March quarterly projected full reimbursement of purchases made by end of the 2021-22 fiscal year. This decrease is offset by an increase of \$4.8 million in State School Fund (SSF) mainly because of the 2020-21 school year SSF reconciliation and High Cost Disability (HCD) revenue received was \$1.3 million more than projected. In addition, federal sources are projected to be \$0.1 million less than the prior quarter's estimate.
- **Expenditures** – The district is forecasting a decrease in General Fund expenditure of approximately \$1.0 million, net of the transportation facility, as compared to the March Financial Update. \$2.3 million of the projected decrease is in salaries and associated payroll costs offset by a projected increase of \$1.3 million in supplies and materials and purchased services.
- **Enrollment** – The June 2022 enrollment includes 38,788 students compared to 39,398 from last June, a decrease of 610 students. Overall, the State of Oregon is experiencing a downward trend in enrollment. The district will need to monitor enrollment to maintain stable funding. As long as other districts experience the same trend, SSF funding will remain steady.
- **Summary and Look Ahead**
The district is projecting a General Fund ending fund balance of \$97.0 million, or 15.21% of operating revenue, net of the transportation facility. This fund balance will be needed to support anticipated increased costs in the next fiscal year and in planning for the upcoming 2023-25 biennium.

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

	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)	9,716,709
Total Operating Revenue	\$ 637,433,668
 <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	9,716,709
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	78,989,053
Projected Ending Fund Balance, Including Transportation Facility	\$ 107,502,310
Restricted for Transportation Facility	10,520,727
Projected Ending Fund Balance, Net of Transportation Facility	\$ 96,981,583
Projected Ending Fund Balance as a Percent of Operating Revenue	15.21%
<i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i>	