



ROBERT SILVA, Chief Operations Officer
Business and Support Services
2450 Lancaster Drive NE • PO Box 12024 • Salem, Oregon 97309-0024
503-399-3036 • Fax: 503-399-3407

Christy Perry, Superintendent

Date: November 22, 2022
To: Christy Perry, Superintendent
From: Robert Silva, Chief Operations Officer
Re: Financial Update for the Quarter Ended September 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 first quarterly report for the 2022-23 fiscal year.

Prior Year (2021-22) Recap:

The district's audited financial statements are in the process of being finalized and will be presented in the 2021-22 Annual Comprehensive Financial Report in December. However, preliminary numbers indicate that the General Fund ending fund balance (EFB) net of transportation facility will be approximately \$99.3 million, or 15.6% of General Fund revenues.

Current Year (2022-23) Outlook:

- **Revenue** – The district is forecasting a \$17.3 million increase in General Fund revenues, net of the transportation facility, as compared to budget. This projected increase is mainly due to an additional \$12.0 million in local sources, of which \$8.1 million is related to the Emergency Connectivity Fund (ECF) expected reimbursement from prior year expense, \$1.5 million in property taxes, \$1.4 million in interest income and \$1.0 million in fees charge to grants. Additionally, an increase of \$1.0 million in intermediate and state are projected. Lastly, beginning fund balance is expected to come in \$4.3 million higher than budgeted.
- **Expenditures** – The district is forecasting General Fund expenditure under-spending of approximately \$46.4 million, net of transportation facility, as compared to budget. This includes the budgeted contingency of \$27.9 million. The remaining under-spending is comprised of \$17.4 million in salaries and associated payroll costs due to projected staff vacancies. Projected personnel costs include the compensation modifications that were effective August 2022. Budget has not been adjusted to reflect the revised salary schedules as of this reporting period but will be requested in the December 2022 board meeting through a contingency transfer. As vacant positions get filled, the projected savings will decrease accordingly. In addition, \$1.1 million in supplies and materials and purchased services of under-spending is projected.
- **Enrollment** – The September 2022 enrollment includes 39,998 students compared to 40,378 from last September, a decrease of 380 students. Although enrollment continues to decline at the district level, the statewide enrollment continues to decline as well. As long as the district's portion of the statewide ADMw remain steady, SSF funding will also remain steady.

- **Summary and Look Ahead**

The district is projecting a 2022-23 General Fund ending fund balance of \$63.7 million, or 10.04% of operating revenue, net of transportation facility. This fund balance is critical as there are many unknown factors that may impact the upcoming and subsequent budget fiscal years. The district is currently in the process of hiring a new superintendent. The state is entering into a new biennium and with a new governor elected, SSF funding is unknown. The licensed and classified collective bargaining agreements are set to expire at the end of this fiscal year and it is unknown what the impact will be when negotiations are finalized. As the federal American Rescue Plan Act Elementary and Secondary School Emergency Relief Fund (ESSER III) grant end date approaches, the district will need to figure out a plan to continue the funding of critical programs.

**Salem-Keizer Public Schools
General Fund Revenue & Expenditure Projection
Fiscal Year Ending June 30, 2023
Quarter Ended September 30, 2022**

	2022-23
State Formula Revenue	\$ 489,993,221
Exempt Revenue	21,594,000
Fund Transfers	2
Total Revenue	\$ 511,587,223
Beginning Fund Balance	109,000,000
Total Budgeted Resources	\$ 620,587,223
Total Expenditure Budget	\$ 620,587,223
Total Budgeted Resources	\$ 620,587,223
Less: Budgeted Beginning Fund Balance	(109,000,000)
Add: Actual Ending Fund Balance 2021-22*	109,954,460
Total Budgeted Operating Revenue - Prior to Year End	\$ 621,541,683
Year End Revenue Increase (Decrease)	13,023,292
Total Operating Revenue	\$ 634,564,975
 <u>Fund Balance Projection</u>	
Actual Beginning Fund Balance*	\$ 109,954,460
Less Budgeted Carryforward - Fund Balance	(109,000,000)
Adjust Increase (Decrease) - Projected Revenue	13,023,292
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	49,737,453
Projected Ending Fund Balance, Including Transportation Facility	\$ 63,715,205
Restricted for Transportation Facility	-
Projected Ending Fund Balance, Net of Transportation Facility	\$ 63,715,205
Projected Ending Fund Balance as a Percent of Operating Revenue	10.04%
<i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i>	

*Please note the 2021-22 Ending Fund Balance is an unaudited number, thus not final.