



Oregon City School District No. 62

Learning to be our Best

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Larry Didway, Superintendent

DATE: January 8, 2018

TO: Board Members

FROM: Susan Dodd, CFO

A handwritten signature in cursive script, appearing to read "S. Dodd", is written over the printed name "Susan Dodd, CFO".

RE: Financial Update for the Quarter Ended December 31, 2017

The attached report summarizes updated preliminary financial statements for the General Fund for Oregon City School District for the current 2017-18 year end. For our budget preparation we typically overestimate expenses to create a fund balance that meets our Board Policy. As of December, the District's projected ending fund balance is at \$3.3 million, or 4.0% of resources which is consistent with historical fund levels. Board Policy requires that we maintain a fund balance of 5.0% of resources; however with the approval of the 2018-19 budget, the Board has the authority to approve a Beginning fund Balance of less than 5.0%.

Comparison of the 2017-18 Budget to Projected Financial Results

- **Revenue** – There is a \$.1 million decrease in revenue collection over budgeted revenue. At this point in time, the state school fund revenue was forecasted based on a conservative estimate for the May Adjustment. The Oregon Department of Education may not want to distribute the reserve as it normally does due to recent changes in state and federal laws. The District is getting paid based on the prior year's 2016-17 ADMw based on the state funding formula, and there is no indication that ADMw for 2017-18 will be higher than this number which would increase 2017-18 revenue.
- **Expenditures** - Expenditures are forecasted based on realization rates for prior years and known approved expenditures. Projected salaries, benefits and other costs are trending under budget by \$.8 million. The District is not expecting any significant variances from budgeted expenses.
- **Summary and Look Ahead** – The District continues to monitor spending closely. The current budget is not sufficient to meet all of the operational needs of the District. The District's operational costs are rising over the amount of funding that it receives from the state, county property taxes and other revenue sources. The majority of the cost increases are attributed to the astronomical increases in the Public Employees' Retirement System (PERS) and employee contractual agreements. The District expects major budget reductions to maintain fiscal stability for 2018-19 at its current level of funding and twice that amount if Measure 101 fails at the end of January. District enrollment is not expected to increase until 2020.

