

MEMORANDUM

TO: Jon Zwemke, Superintendent
Reedsport School District Board of Directors

FROM: Rachel Amos, Business Manager
Josh Cook, Assistant Business Manager

RE: Projected Ending Fund Balance Decrease

The Board financial reports for the April 10, 2024, meeting reveal a significant change in the projected ending fund balance for the General Fund of the District. Comparing the reports of the March 2024 meeting to the current one reveals a decrease of nearly \$500,000. The sudden drop in revenue is related to State School Fund changes made and estimated at the end of March, in addition to some staffing costs that were moved to the General Fund beginning with February's payroll.

As you know, ESSER (Elementary and Secondary School Emergency Relief) funds were made available to the district during the pandemic. In an effort to transition students back to school when the State determined we were able to do so, support staff were hired using these one-time funds. The intent was that those funds would carry us through the end of this fiscal year, but the increased costs of some capital expenditures that were also charged to these grant dollars caused a shortage. Because of this, the costs related to those staff members were moved to the General Fund in February. While this change caused a minor decrease that had us leaning to the conservative side of spending to allow our projected EFB to hover just above the \$600,000 mark, the adjustments to the State School Fund Revenue at the end of March were a major blow.

The State School Fund payments we receive from the State from July through May include allocations for the current year. In May of each year, we also receive an adjustment based on the prior year closeout of actual expenditures and revenue for all districts statewide. The adjustments of those prior year changes have been significant in the past two years because the ADM (Average Daily Membership), or enrollment, numbers were not well known during the pandemic,

and funding was based on pre-pandemic numbers. As ADM reporting began again post-pandemic, the adjustments to the SSF for “truing up” actual student data affected the district more negatively because our student numbers did not return to pre-pandemic levels. In addition, our average teaching experience for licensed staff in our district has also declined due to retirements/resignations and hiring staff that have less experience.

The State School Fund adjustment for the current fiscal year, 2023-2024, is a decrease of \$381,390 as reported on the March 28, 2024, estimate. Between the last estimate in December 2023 and this one, our average district teacher experience fell from 10.73 to 7.66 years, and our ADMw (Weighted Average Daily Membership) dropped from 832.45 to 805.03 based on 2022-2023 actuals. We will not receive our final adjustment for 2022-2023 State School Fund dollars until May, but I have calculated an estimated decline of about \$225,000 for that year, as well, again related to the drop in average teacher experience and ADMw as stated above, in addition to a higher return on our local property taxes than anticipated. This is a combined anticipated revenue decrease of \$606,390.

Based on the known and anticipated information we have at this time, it is imperative that we begin to discuss scenarios that will us to remain solvent as we close out this fiscal year. We are exploring every revenue source we have available to us to push the projection positively away from zero. A recent deposit of a refund for services from South Coast ESD on prior year costs that were under what we paid for them, for instance, led to the number you see on our April Board Financials. Any preservation of funds we can make through the end of June will also decrease the negative impact to the budget for 2024-2025 that we are in the process of building now.