



David Douglas School District

Learn • Grow • Thrive

Ken Richardson, Superintendent | 11300 NE Halsey Street, Portland, Oregon 97220 | Phone (503) 252-2900

November 12, 2024

To: David Douglas School Board
From: Patt Komar, Director of Administrative Services
Subject: Financial Update and Investment Report

Statewide:

The State of Oregon Economic Forecast in late August continued to show growth in revenues, the next Forecast is scheduled for the end of November. The Governor's budget will be released December 2nd which will help us to plan for the 2025-26 fiscal year as we have heard there may be an increase for the current service level calculations for the State School Fund (SSF).

2025-26 Budget Impacts:

The District received its Actuarial Valuation Report as of 12/31/23 for our Public Employee Retirement System side account. This valuation shows the District's employer rates increasing from 23.86% for Tier I/II employees to 26.97% and from 21.02% for OPSRP to 23.79%. I have also attached a PERS Bond Side Account Analysis prepared by PiperSandler as information for future budget discussions. This analysis shows what we have discussed previously - our side account will be depleted prior to our PERS bonds being paid off. Page 6 of the analysis shows that we most likely will not have much of a rate credit, if any, in 2027-28. The reduction in the rate credit may happen sooner depending upon how fast our payroll increases compared to what the actuary used in their calculations.

As we prepare for budgeting for the 2025-26 school year, the District has exhausted its ESSER funds and will see significant reductions. The chart below shows the estimated reductions needed even WITH an increase of \$1 billion to the State School Fund. Note that this roll up includes only salary and benefit increases and does NOT include additional funding for replacement chromebooks or a textbook adoption estimated at an additional \$2.5 million.

Table with 3 columns: Description, Amount, and Totals. Rows include Adopted General Fund (152,347,347), Bargaining adjustments (5,012,559), Revised 24-25 General Fund (157,359,906), 25-26 Additions (Salary Increases: 7,700,000; Benefit Increases: 600,000; CBA: 300,000; Total: 165,959,906), 25-26 Estimated Resources with State School Fund at \$11.3B (144,500,000), and Estimated Reductions (21,459,906).

**District:****General Fund:**

The beginning balance for this year was budgeted at \$23.3 million and came in at \$26.1 million. We are currently implementing all the licensed bargaining changes and estimate the ending balance will come in around \$8.2 million at this time. The budget will need to be adjusted next month.

Local taxes are showing an increase due to the Lents URA being factored back into our assessed value. As a reminder, when local revenues increase, our State School Fund (SSF) will decrease as local revenues are factored in as an offset to the SSF grant. The State School Fund amount has not yet decreased as we are waiting for the next update to the SSF from the ODE. We have heard some districts are increasing and some districts are still seeing either flat or decreasing numbers. Overall the state may be down in students which would result in an increase in the amount of SSF per Average Daily Membership weighted (ADMw). We anticipate at this time that we may see an increase but it would net out against the increase in local tax revenues.

The District was able to utilize about \$850,000 of ESSER3 funds to pay for licensed staff thru September, and these staff were picked up in the General Fund for the balance of the year and about \$375,000 to cover increased costs that the Columbia Regional IDEA, IDEA, and Title I grants could not cover due to the increases from bargaining and about \$182,000 from Measure 98.

**Nutrition Services Fund:**

The beginning balance for Nutrition Services was estimated at \$2.1 million and came in at \$2.1 million. Projected ending fund balance is at about \$1 million. We have in the past received several ESSER grants for things such as dairy products and have been able to offset costs with those funds.

**Grants Fund:**

The beginning balance for Grants was estimated at \$5.8 million and came in at \$5.4 million. As we have spent down the ESSER funds, we will not have those for future years. We also have applied for the Early Intervention Early Childhood Special Education contract with the State. We anticipate hearing around December 15<sup>th</sup> on whether we will retain the program or not. Because we have several staff supporting human resources, technology and business services paid with those funds, we may have additional reductions if we do not retain the program. The District also receives about \$1.1 million in the General Fund as indirect from the EIECSE grant; should we lose this grant, it would result in additional reductions.

**General Obligation Bonds:**

Beginning fund balance was estimated to be \$0.5 million and came in at \$0.8 million. We anticipated the ending fund balance to have a slight increase to \$1 million assuming we have collections received at 96% or 4% for discounts and delinquencies.

**Cash and Investments as of September 30, 2024:**

The District's total cash and investment balances totaled \$57.8 million at September 30, 2024, representing an increase in total balances of \$9.2 million for the quarter. This is an anticipated increase in the District's cash balances due to collection of year end receivables and the July state school fund payment.

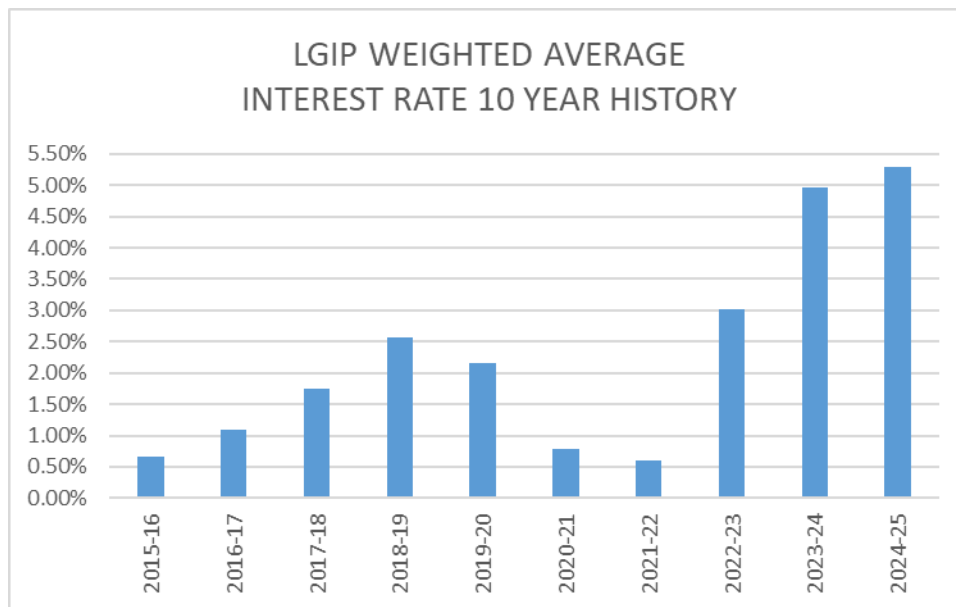
Approximately 98.5% of the total September 30, 2024 balances were invested in the Oregon Local Government Investment Pool (LGIP) \$56.9 million and the District's US Bank Money Market Account \$752 thousand. 1.5% of the total September 30, 2024 balances were uninvested and used for operations \$847 thousand.

#### OREGON LOCAL GOVERNMENT INVESTMENT POOL (LGIP)

The District maintains four LGIP accounts including:

- The main pool account, which allocates its earnings to the General Fund and other funds, a bond account, a PERS bond account, and a DDHS school activity account which holds cash not required for immediate use.

The LGIP interest rate has increased over the quarter to 5.30%. Looking at the rates annually, the September 2024 interest rate 5.30% has increased by 0.50 percentage points over the September 2023 interest rate 4.80%. Below is a graph showing the annual weighted average interest rate for the LGIP. The current fiscal year weighted average interest rate is 5.30% as of the end of the quarter.



#### MONEY MARKET

The District maintains a \$752 thousand balance in money market for same-day cash needs and for overnight investments of excess cash.

#### UNINVESTED FUNDS

Non-interest bearing cash accounts include the main district checking account, and a Nutrition Services deposit only account.

#### INVESTMENT HOLDINGS

The District currently holds approximately \$117.3 million in T-bills and T- notes from the US treasury purchased with bond funds and general funds. The amounts shown in the report reflect the book value of the investments.