Memorandum

To: Board of Directors, Estacada School District
From: Scott B. Pillar, Director of Finance
Date: September 2, 2026
Subject: Monthly Financial Report

Enclosed in your board packet is the preliminary financial report through the end of August. For this fiscal year, we are using a component of our Frontline software suite to produce a report similar in style to last year's report but supported by more robust data to better project future revenues and expenditures.

Last year's report projected revenues and expenditures based primarily on the prior year's percentage of budget utilized. If the prior-year budget varied significantly from actual results, the projections were also likely to be inaccurate. The new report connects directly to our financial system and uses revenue and expenditure data from the past five fiscal years.

Both reports allow us to adjust for unusual circumstances. However, the new report more clearly identifies potential anomalies and reports variances as they occur. This gives us the opportunity to better understand how the budget is performing in real time and improve future projections.

Enrollment

One significant (and welcome) surprise is how strong our preliminary enrollment figures appear, particularly in kindergarten. Our budget is based on enrollment estimates I prepare during the preceding winter. Although early enrollment figures fluctuate a lot this time of year, I can safely say that enrollment in Estacada's district-operated schools is higher than budgeted.

The less favorable news is that the charter school's preliminary enrollment is below both the prior-year level and my budget estimate. Because State School Fund revenue is based on our combined enrollment, and because that enrollment also establishes the 11 percent cap on additional weights for spend students, a decrease in combined enrollment can have a meaningful financial impact on both organizations.

I am meeting with Dr. Marrone on Thursday, September 3, to discuss the situation and evaluate potential impacts beyond the lower amounts of funding received by the District and passed through to the charter school.

Pension Obligation Bonds

We continue to plan for the potential issuance of pension obligation bonds. However, as of this writing, market conditions are not favorable for an issuance, with The Wall Street Journal recently describing the government borrowing environment as "challenging."

As mentioned in last month's report, we will not proceed unless it is financially prudent to do so. The District can absorb the increased costs during the current fiscal year when the savings from our existing pension obligation bonds end in February.

In related news, the District's PERS contribution rates for the next biennium are expected to be available by the date of the Board meeting. Those rates are anticipated to increase for the two year biennium beginning July 1, 2027.

Without a new pension obligation bond to offset part of that increase, we should expect a significant rise in PERS costs over the next two years. This will place additional pressure on payroll budgets in the near future.

Audit

Finally, I am pleased to report that our in-person audit fieldwork is scheduled to begin September 21, 2026. We look forward to working with our new auditors and appreciate their willingness to conduct fieldwork onsite.

My staff has done an excellent job with the District's financial recording this year, and I am confident the audit will reflect their knowledge, experience, and hard work.

Thank you for taking the time to review this report. As always, please do not hesitate to contact me with any questions or concerns.