

Memorandum

To: Board of Directors, Estacada School District

From: Scott B. Pillar, Director of Finance

Date: June 3, 2026

Subject: Monthly Financial Report

Enclosed in your board packet is the monthly financial report summarizing preliminary financial activity through May 31, 2026. As reflected in the report, the projected ending fund balance has declined since the prior month. This change is attributable to several factors, including both actual variances in revenue and expenditure activity and limitations in the report's forecasting methodology.

The projections included in the report are initially generated by analyzing the prior year's percentage of budget utilization by month and expenditure category. During April and May of the previous fiscal year, expenditures were incurred at a lower rate, and revenues were recognized at a higher rate than we have experienced during the same period this year. As a result, the forecasting model relied on assumptions that proved less predictive of current-year activity, particularly on the expenditure side.

We are aware of several legitimate changes affecting cash flow this year, including the State's revised process for distributing High Cost Disability reimbursements. Additionally, some of the variance appears to be attributable to the timing of expenditures. With staffing levels stabilized and operational processes functioning more efficiently, transactions are being processed more quickly than in prior years, resulting in expenses being recognized earlier. If that is the case, June's expenditures could come in lower by percentage.

Because the ending fund balance is a critical component of maintaining financial stability and supporting a successful start to the 2026–27 fiscal year, we have also included a budget appropriation addendum resolution (for the current year's budget) for your review and consideration. This type of resolution is a standard fiscal management tool used by school districts to prevent budget violations, align appropriations with actual revenues and expenditures, and provide appropriate operational flexibility through year-end. While our budget development process remains sound, it is not uncommon for districts to adopt similar resolutions annually, and I would anticipate bringing a comparable resolution forward in future years as needed.

The District received two responses to its Request for Proposals (RFP) for audit services. An evaluation committee has completed its initial review and scoring of the proposals. During that process, committee members identified opportunities to strengthen and refine the evaluation methodology. As a result, we may extend the selection timeline by several weeks to ensure a thorough and well-documented process. Because the Board is responsible for appointing the District's independent auditors, any delay would likely move contract approval to the August Board meeting, when the Board traditionally approves appointments for auditors, financial institutions, legal counsel, and other professional service providers.

I am also pleased to report that my recent meeting with the leadership team at the charter school was highly productive. Together, we established a clear process for distributing the charter school's share of Student Success Fund (SSF) revenues based on the Average Daily Membership weighted

(ADMw) reports received from the State. This revised approach better aligns revenue distributions with the District's receipt of funds, supports healthy cash flow for both organizations, and improves long-term financial planning. We continue to maintain a strong and collaborative relationship with the charter school, and I look forward to continuing that partnership.

Thank you for your continued commitment to the students and community of Estacada School District. As we put the finishing touches on a very good school year, my team and I are grateful for your steady vision-based leadership of the district. Thank you.

As always, please feel free to contact me with any questions or if you would like additional information regarding any aspect of the District's financial position.