



Waterford School District Board of Education Meeting June 18, 2020

2019-20 Revised Budget &
2020-21 Original Budget

Presented by:

William Holbrook, CPA
Assistant Superintendent Business & Operations

Amy Dagenhardt
Director of Finance & Budget

2019-20 Revised Budget & 2020-21 Original Budget

2019-20 Revised Budget Adjustments:

- Prior Year Ending Financial Results
- State Aid (including enrollment adjustments)
- Revenue/Expenditure Adjustments

2020-21 Original Budget Considerations:

- Federal, state, and local revenues
- Student enrollment projections
- Prior year one time only items
- Expenditure adjustments such as healthcare and staffing
- Negotiations

Other:

- Adjustments for pandemic

Potential Current Year Proration

- Revenue Estimating Conference May 15, 2020:
 - 2019-20 School Aid Fund is short \$1.1 billion
 - This equates to an estimated \$700 per student
 - **UPDATE: Estimate still stands**
- State Legislative Options:
 - Take action within 30 days or 6 session day period, from the point Treasury officially informs the governor, to prevent an automatic proration
 - Appropriate General Fund dollars, including the use of the Stabilization Fund, to cover the School Aid Fund shortfall
 - **UPDATE: No action has occurred yet**
- Federal Funds
 - State is requesting financial assistance from the Federal Government
 - **UPDATE: No federal action has occurred yet**


Potential Current Year Proration

- Revenue Estimating Conference May 15, 2020 (cont'd):
 - Impact to WSD is a loss of \$5.7 million between now and June 30th (unable to adjust before year end)
 - This structural shortfall carries on indefinitely until the economy recovers, legislative action occurs at the state and federal level, and/or reductions are implemented
- Due to the severity of the situation a special Revenue Estimating Conference will be held in August to reassess the revenue numbers
- Current information from the state is limited at this time as the economy is just now beginning to reopen, so the full impact is unknown

2019-20 Revised Budget & 2020-21 Original Budget

	2019-20 Revised Budget	2020-21 Original Budget
Net Revenues	\$ 2,443,375	\$ (845,192)
Net Expenditures	535,558	636,525
Net Annual Surplus	<u>\$ 1,907,817</u>	<u>\$ (1,481,717)</u>
19-20 Executive Proration (\$700/Student) & 20-21 Deficit Carryover	(5,751,341)	(3,843,524)
Unused Contingency	500,000	-
Net Annual Surplus/(Deficit)	<u><u>\$ (3,343,524)</u></u>	<u><u>\$ (5,325,241)</u></u>
Annual Surplus/(Deficit) Per Student	<u><u>\$ (408)</u></u>	<u><u>\$ (649)</u></u>

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Net Annual Surplus/(Deficit)	(3,343,524)	(5,325,241)
Projected Fund Balance	<u>\$ 6,082,357</u>	<u>\$ 757,116</u>
Fund Balance as a percent of expenditures	<u>6.26%</u>	<u>0.77%</u>

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Notes:

- The 30 day proration clock starts once the Michigan Department of Treasury informs the governor of the State's budget shortfall based on the revenue conference
 - This has not occurred yet, and the revenue conference was held on May 15, 2020.
 - It appears Treasury is stalling to get us through the remainder of the school year without a proration
- The State's budget year is October 1st thru September 30th, therefore the timing for us is difficult to determine which course of action to take since our budget year is July 1st thru June 30th
- Therefore the 2019-20 Revised Budget and 2020-21 Original Budget reflects the information the District has available at this time.



Timeline:

- **May 7, 2020:** The Board of Education received an update on the 2019-20 Revised Budget and the 2020-21 Original Budget
- **May 21, 2020:** The Board of Education was to take Action on the 2019-20 Revised Budget, however the Revenue Conference and inaction by Lansing has postponed the Action Item date to June 18, 2020
- **June 4, 2020:** The Board of Education received an update on the 2019-20 Revised Budget and the 2020-21 Original Budget
- **June 18, 2020:** Action is taken by the Board of Education on the 2019-20 Revised Budget
- **June 18, 2020:** Budget Hearing and Action is taken by the Board of Education on the 2020-21 Original Budget



Questions