



Waterford School District Board of Education Meeting June 4, 2020

2019-20 Revised Budget and 2020-21
Original Budget Update

Presented by:

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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 Update

	As Presented May 7, 2020	As Presented May 21, 2020
Net Revenues	\$ 2,703,580	\$ 2,703,580
Net Expenditures	795,763	795,763
Net Annual Surplus	<u>\$ 1,907,817</u>	<u>\$ 1,907,817</u>
Potential Proration (\$700/Student)	-	(5,751,200)
Unused Contingency	<u>500,000</u>	<u>500,000</u>
Net Annual Surplus/(Deficit)	<u><u>\$ 2,407,817</u></u>	<u><u>\$ (3,343,383)</u></u>
Annual Surplus/(Deficit) Per Student	<u><u>\$ 294</u></u>	<u><u>\$ (408)</u></u>

2019-20 Revised Budget Update

Options as of 6/4/20



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2019-20 Revised Budget Update

	Without Proration	With \$700 Proration
Beginning Fund Balance	\$ 9,425,881	\$ 9,425,881
Net Annual Surplus/(Deficit)	2,407,817	(3,343,383)
Projected Fund Balance	<u>\$ 11,833,698</u>	<u>\$ 6,082,498</u>
Fund Balance as a percent of expenditures	<u>12.14%</u>	<u>6.24%</u>

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2020-21 Original Budget Update

	As Presented May 7, 2020	As Presented May 21, 2020
Net Revenues	\$ (538,288)	\$ (538,288)
Net Expenditures	(698,098)	(698,098)
Net Annual Surplus	<u>\$ 159,810</u>	<u>\$ 159,810</u>
Foundation Reduction Carryover	-	(5,495,000)
Net Annual Surplus/(Deficit)	<u>\$ 159,810</u>	<u>\$ (5,335,191)</u>
Annual Surplus/(Deficit) Per Student	<u>\$ 19</u>	<u>\$ (651)</u>

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Beginning Fund Balance	\$ 11,833,698	\$ 11,833,698	\$ 6,082,498
Net Annual Surplus/(Deficit)	159,810	(5,335,191)	(5,335,191)
Projected Fund Balance	<u>\$ 11,993,508</u>	<u>\$ 6,498,508</u>	<u>\$ 747,308</u>
Fund Balance as a percent of expenditures	<u>12.20%</u>	<u>6.72%</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 budget timeline has been extended until the last Board of Education meeting prior to the start of the new year with the hopes of more available information from Lansing and Washington D.C.



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 receives 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