
M E M O R A N D U M

TO: Keevin O'Neill, Superintendent
Members of the Board of Education

FROM: Stephen Goss, Assistant Superintendent

DATE: June 14, 2021

RE: 2020-2021 June Amended Budget
2021-2022 Preliminary Budget

Attached for your review is the June amendment to the 2020-2021 budgets along with the preliminary 2021-2022 budgets.

As you will recall, the fiscal year started last July with incredible uncertainties including, among other things, funding, enrollment, and expenses related to new models of instructional delivery, cleaning supplies and personal protective equipment. Fortunately, better than anticipated state revenue collections, significant federal funding, and the pupil accounting "super-blend" provided significant budgetary support. Consequently, there are more and larger revisions in the amended budget than in a typical year.

June Amendment to 2020-2021 General Fund Budget:

The General Fund is projected to end the year with a surplus of approximately \$780,000. Compared to the April amendment, total General Fund revenues are projected to increase by approximately \$2.35 million, or about 8.2%, to \$30.8 million. This increase resulted from a combination of the pupil count "super blend," a partial restoration of last year. Total General Fund expenditures, including net inter-fund transfers, are projected to increase by approximately \$1.36 million, or 4.7%, to \$29.9 million.

Proposed 2021-2022 Preliminary General Fund Budget:

The preliminary 2021-2022 General Fund budget includes the following key assumptions:

- **Enrollment:** Total enrollment is projected to be 2,620. This is significantly higher than the February pupil count of 2,535, but still lower than our pre-pandemic enrollment of 2,690. However, due to the "super blend," our 2020-2021 funding was based on a pupil count of 2,660. The projected count is based on known and expected re-enrollment of students who left the district in the current year due to the pandemic, as well as kindergarten enrollment. Please note that none of the current school funding proposals include the super blend for next year.
- **Foundation Allowance:** Current legislative proposals indicate a range of potential funding increases of \$100-\$250 per pupil. This preliminary budget assumes an increase of \$100 per pupil. I consider this to be a conservative assumption, but I consider it to be prudent in light of the ongoing uncertainties resulting from the pandemic.

- **Federal Funding:** The budget for fiscal year 2020-2021 was supported by several sources of federal funding related to the pandemic, totaling approximately \$1.2 million. I anticipate that the district will receive significant additional funding in fiscal year 2021-2022, however I have omitted those funds and their related expenditures until we have specific numbers and the funds are officially awarded. At that time, additional federal revenues and expenditures will be reflected in a budget amendment.
- **Total Revenues:** Based on the above, total revenues are projected to decline by approximately \$1.65 million, which reflects a combination of reduced federal revenues, reductions or elimination of certain state categorical funding, and a lower pupil count.
- **Total Expenditures:** Excluding the planned purchase of school buses totaling \$533,000, which will be funded through the issuance of a note in the same amount, total expenditures are projected to decline by approximately \$0.66 million. Anticipated reductions in many expenditures that were federally funded are offset by normal compensation increases, anticipated inflation, and the addition of several staff, hiring of whom are currently in progress.
- **Fund Equity:** Based on the above assumptions, total fund equity is projected to end the 2021-2022 fiscal year at \$3.86 million, or approximately 12.9% of the annual budget. This is a healthy, but by no means excessive level.

Please remember that this preliminary budget is based on significant assumptions that will take time to become more clear. While Michigan school districts are in far better financial shape than anticipated a year ago, significant uncertainties remain and, consequently, significant budget revisions are possible in the months ahead.

I look forward to discussing the budget in more detail Monday evening. In the meantime, please feel free to contact me with questions.