

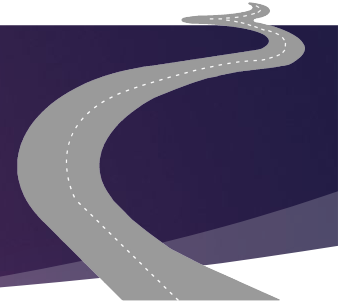
Financial Overview

2020-2021

November 16, 2020



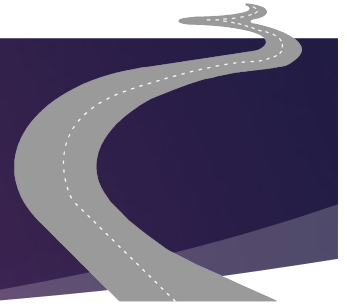
Historical Reference 2008 - 2012



Many reductions were made during this time as districts were being cut (\$470 per pupil in one year alone).

- During those years of the economic downturn district funding was greatly reduced and reductions were made in many support areas to keep the impact as far away from students as possible.
- Over the last few years districts were finally starting to receive funding increases that exceeded funding levels prior to 2008.

Historical Reference 2018 - 2019



With the improved economy the district shifted focus and began to restore areas in the budget that had been depleted in prior years at the direction and approval of the Finance Committee and Board of Education.

- The district made strategic reinvestments in operations, athletics, performing arts, new positions in the areas of mental health and counseling.
- With these strategic reinvestments the district was planning to absorb some of the increased cost with the use of reserved fund balance and the slow but steady increases in funding we were receiving and expecting to continue based on projected economic forecasts.

Historical Reference Timeline Since 2018

Strategic Reinvestment

The district began to reinvest in areas that had been reduced during the 2008-2012 economic downturn.

District Budgets Adopted 6-22-20

The district has a fiscal year end of June 30 and required to have budgets adopted.

State Budget Adopted 9-23-20 & District Audit Completed

State used stimulus funds and able to hold districts harmless.

May 2020

July & August
2020

2018-2019

June 2020

September &
October 2020

Impact of Pandemic

Revenues at an all time low and unemployment levels at historic highs. Districts facing \$650/pupil reductions in 2020 and 2021.

Budget Planning

Budget reduction process & began to **seek additional revenue opportunities with Caledonia Education Foundation, state & federal grants**

Focusing In on Finance Pre-Pandemic



Based on projected revenues from the January CREC the state's preliminary 20/21 budget was looking to allocate \$150/pupil increase.

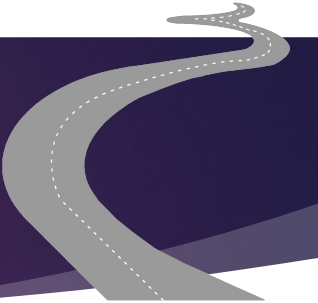
The district's preliminary 20/21 budget assumptions:

- 15 student increase
- \$150/pupil increase
- \$1 million in obligated contract increases
- Estimated spend down of fund balance **\$1.3 million**

Pandemic Impact on Finance

May 2020

(initial impacts of pandemic)



Based on projected revenues from the May CREC the state was facing the need to reduce districts by \$650/pupil in 19/20 and 20/21. Districts were instructed to start planning for this reduction.

- The magnitude of this reduction would have brought Caledonia's fund balance from nearly 18% down to 6.9% at the end of 2021.
- Postponing budget reductions only increases the level of cuts needed later and exacerbates the problem.

Historical Reference June 2020



Based on projected revenues from the May CREC the state's revised preliminary 20/21 budget was looking to reduce districts \$650/pupil increase.

Final Amendment for 19/20 (6-22-20):

\$650/pupil reduction

\$1 million savings (shutdown/freezes)

\$2.3 million fund balance reduction

(12.2% fund balance)

Adopted Budget for 20/21 (6-22-20):

\$650/pupil reduction

\$2.5 million budget reductions

\$2.9 million fund balance reduction

(6.9% fund balance if with no action taken)

CCS Response to State Budget Forecast

(from May 2020 Board Presentation)



2019-2020 Budget Goal:

Preserve \$500,000 - \$1,000,000 to help absorb a portion of the per-pupil reduction for 2019/20 and/or 2020/21.

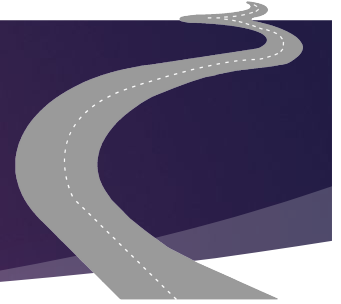
- Natural savings in certain areas due to mandated school closure (fuel, repairs, project postponement, supplies, etc.)
- Freeze all non-essential purchases in every department

2019-2020 Budget Goal Achieved:

Final 19/20 Audit now complete. We were able to save \$1,038,908.

CCS Response to State Budget Forecast

(from May 2020 Board Presentation)



2020-2021 Budget Goal:

Absorb budget shortfall with a combination of fund balance and budget reductions.

- Goal not to exceed \$2 million reduction in fund balance per year (3%)
- Did not want to decimate programming and staffing
- Board discussion on the possibility to lift the current [Fund Balance Policy](#) floor of 13% during this economic crisis
- Remainder of budget shortfall would require necessary reductions

Proactively Financial Planning

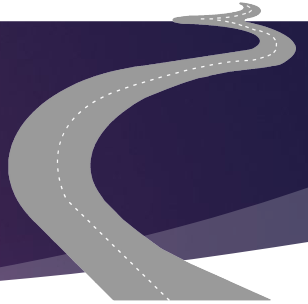
July/August



2020-2021 Budget Goal:

- Planned use of fund balance, not to exceed \$2 million per year (3%).
- Reduction of all departmental budget by 15% or more.
- Seek financial assistance via grants: CEF, State & Local Grant
- Maintaining 19/20 pay levels for Administrators, Secretaries, Custodians, Maintenance, Technology and Paraprofessionals.
- Staffing reductions to a level that would keep us below fund balance usage goal.

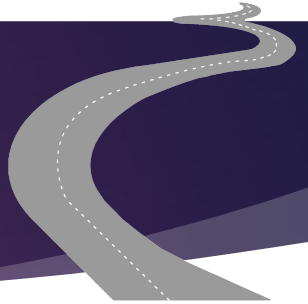
2020-2021 Big Picture



Budget Assumption Adjustments (as of November 2020):

- Enrollment Decline of estimated 100 students (approx. -\$850,000)
- Reinstating around \$1.3 million of the earlier \$2.5 million expense reductions
- Increased costs due to the pandemic
 - PPE \$65,000
 - Technology/Accessibility/Remote Learning \$1.3 million
 - Online Teaching Mentors \$525,000
 - Healthcare staff (doctor, nurses, building health paras) \$315,000
 - PD and additional curriculum development \$50,000
 - Approx. **\$2,255,000** in pandemic related expenses

2020-2021 Big Picture



Budget Assumption Adjustments (as of November 2020):

- Estimated reduction in fund balance **\$1million**
- Continuing to seek grant opportunities (CEF, Kent County, MDHHS, etc.)
- Economic impact of pandemic a concern for 2-3 years (another stimulus package uncertain)