Exhibit 403.1

LINN-MAR BUDGET UPDATE

June 8, 2020

Agenda:

• COVID Impact On Current Fiscal Year 2020

• CARES Act Funding

• Looking Ahead to Fiscal Year 2021

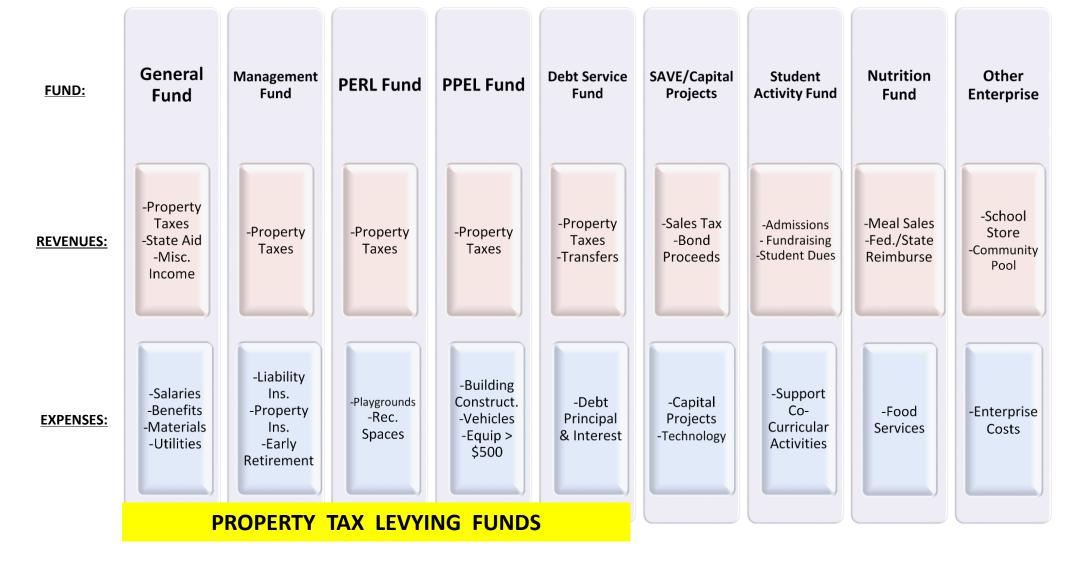
Fiscal Year 2020 – State Level

- REC State General Fund Revenue Estimates:
 - December 2019 = \$8.015 billion
 - March 2020 (prior to COVID) = \$8.091 billion
 - May 2020 = \$7.941 billion

>Approximate **\$150 Million Reduction** from pre-COVID estimate

• Too late in fiscal year for schools state aid payments to be impacted by this reduction

OVERVIEW OF FUNDS



Fiscal Year 2020 Linn-Mar Impact

PROJECTION

Revenues = \$88,500,000 Expenses = <u>\$88,300,000</u> Surplus = **\$200,000**

GENERAL FUND

Expenditures:

- We supported our staff by choosing to pay them during the closure (82% of budget)
- Realized Savings (sub costs, overtime, transportation, utilities, athletic officials, certain supplies, etc.)

Not so Good:

Good:

- Unforeseen expenditures related to COVID
 - Internet costs
 - Cleaning Equipment and Supplies
 - Virtual Software Licenses (e.g. Zoom)
- Biggest unknown is SPED tuition

Good:

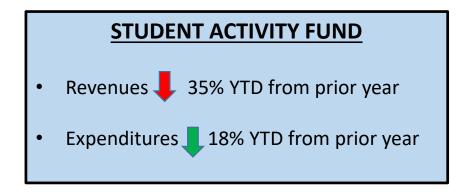
Prop Tax and State Aid stable (86% of budget)

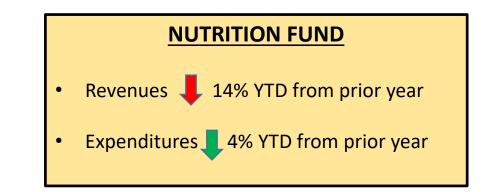
Revenues:

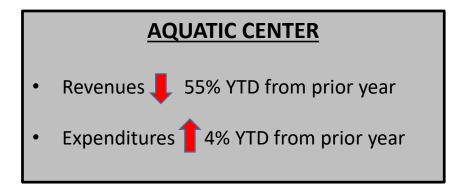
Not so Good:

- Medicaid decrease of \$500K
- Investment interest down \$40K
- Student Activities down \$75K

Fiscal Year 2020 Linn-Mar Impact







CARES ACT FUNDING

- Approximately \$65 million distributed to Iowa public and non-public schools
- Linn-Mar Allocation = \$425,832
 - (Allocated based on Title funds <u>not</u> enrollment)
- For COVID expenses incurred from March 13, 2020 to September 30, 2022
- Possible additional expenditures related to COVID:
 - Cleaning Supplies
 - Pandemic (Hazard) Pay
 - Nursing Services
 - Remediation Programming
 - Food Service Modifications
 - Facility modifications

- Medical & PPE Supplies
- Technology Equipment
- Mental Health Services
- Staff Training on Health and Safety
- Additional/custom instructional materials Return to learn plans
- Staff salary/benefit costs to avoid layoff and/or furlough
- Expect that all CARES Funding will be expended in fiscal year 2021

- Signage
- Internet Accessibility
- Virtual Programs/Software
- Transport Services Changes

Fiscal Year 2021 (Next Year) – State Level

- REC State General Fund Revenue Estimates:
 - December 2019 = \$8.249 billion
 - March 2020 (prior to COVID) = \$8.237 billion
 - May 2020 = \$7.877 billion

Approximate \$360 Million Reduction from pre-COVID estimate and 0.8% less than the previous year

• Since State reserves are full lowa is positioned well to an extent, but the duration and real impact of COVID is difficult to project right now.

Fiscal Year 2021 (Next Year) Linn-Mar Impact

Projected Deficit \$500K to \$1.5 million

GENERAL FUND

Revenues:

Good:

- SSA is still set at 2.3%
- CARES Act dollars

Concerns:

- Across the Board Cut and/or legislature reducing SSA
- Deferred or delinquent property tax receipts
- Will COVID have an impact on student enrollment?
- Increased free and reduced population = less fee revenue
- Will Medicaid revenue rebound?
- COVID impact on fundraising, large group gatherings (e.g. fine arts performances), and other student revenue

Expenditures:

Concerns:

- Additional expenditures related to COVID and return to learn requirements
- Prior to COVID FY2021 was already going to be tight budget with increased costs of bringing Boulder Peak and Hazel Point online
 - Additional staff
 - Utilities and Other Services
 - Increased supplies
- 82% of budget is staff salaries/benefits

Fiscal Year 2021 (Next Year) Linn-Mar Impact

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STUDENT ACTIVITY FUND

- Revenue Concerns:

 -COVID impact on gate admissions, fundraising, etc.
- Expenditure Concerns:
 - -Additional health and safety expenses related to COVID
 -May need to adjust prioritize expenses if significant revenue loss

NUTRITION FUND

- Revenue Concerns: -Students eating on-site or no? -More delinquent accounts due to economic instability?
 - Expenditure Concerns: -Additional health and safety expenses related to COVID
 - -Increased expenditures due to BP and HP
 - -Food costs increase due to supply chain issues

Fiscal Year 2021 (Next Year) Linn-Mar Impact

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AQUATIC CENTER

- Revenue Concerns:
 -Can the pool operate at full capacity (e.g. swim lessons, youth swim team, etc.)?
- Expenditure Concerns:

 -Additional health and safety expenses related to COVID

SAVE (Sales Tax) FUND

- Revenue Concerns: -What will be the economic impact on Iowa sales tax collections and for how long?
- Expenditure Concerns: -Will the District be able to cover their outstanding SAVE debt obligations plus annual technology purchases
 - -What (if any) capital projects on the 10year plan will need to be deferred?

Lots of Unknowns...But what is on our Radar?

- State Legislature back in session- will they make any decisions for FY21 and/or FY22?
- Will the Governor authorize an across the board cut?
- LM return to learn planning is in process- what does that look like?
- Will there be another round of federal stimulus funding?
- COVID related recommendations at the Federal, State, and Local level

QUESTIONS?