

Subject: IA Budgets - Board action required

Good afternoon,

As a follow up to my previous email with the IA tuition calculations for 2024-25 and 2025-26, I'm providing the amended 2024-25 budget as well as the 2025-26 proposed budget. A memo with background information is also included with budgetary assumptions.

Per the IA agreement " Each Participating District shall have until June 30th to approve, disapprove or abstain regarding the budget for the ensuing fiscal year by Resolution of its board of education and provide notice of its action to the Governing Body and appropriate Fiscal Agent. A Participating District that disapproves a budget for the ensuing fiscal year shall be deemed to have unilaterally withdrawn from its participation in the Consortium effective at the end of the current Consortium fiscal year, and its rights and obligations shall be governed by the "Unilateral Withdrawal" provisions of Article III, Section C.3. of this Agreement." An example resolution is attached, but is not required. An email and an excerpt of Board minutes with your Board action will suffice if a resolution is not typically used by your Board.

Please reach out if you have any questions or concerns. Thank you for your patience as we worked through a proposed resolution to the 2025-26 structural issues.

For those traveling to Grand Rapids for the conference, safe travels! Unfortunately, I have conflicts here at Bloomfield and at home this week and am unable to attend this year. Have a great week of learning and networking, and I'll see everyone at the May OCSBO meeting.

Kandice

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Background Information:

The attached Revenues by Source and Expenditures by Function document for the International Academy shows the budget comparison by functional or department area, comparing the recommended Amendment 1 revision against the original budget adopted in June, 2024. A statement “by object” is also provided that shows costs by type of activity. The proposed budget for 2025-26 is also provided.

The adopted budget is prepared based on assumptions, primarily around pupil enrollment and staffing. As funding, pupil count and staffing needs become known, budget adjustments are required.

Assumptions and adjustments worth noting include:

- The final 2023-24 and original 2024-25 budgets were prepared in mid-March 2024 with known information at the time and approved by the Bloomfield BOE at the March 21, 2024 meeting. The cooperative agreement currently requires us to provide budgets to the LEAS by March 31, also requiring approval by their boards of education by the end of June. This timing is problematic and prohibitive. Adjustments were subsequently identified for both years in the following months, but the language didn't allow for amendment.
- The tuition rate to districts follows the State's target foundation allowance. The 2024-25 original budget assumed a per pupil increase and flat enrollment. Under the 2024-25 State Aid Budget, foundation allowance remained unchanged at \$9,608 per pupil. The State Aid Budget instead includes a new retirement revenue section that effectively reduces the retirement rate school districts incur for the 2024-25 year. School districts will still incur and budget the full cost of retirement for the current year, but will receive a rebate for one year equivalent to about 5.75% of retirement wages. The 2024-25 is amended to reflect a foundation revenue decrease of \$271,000. The impact of the 147a4 is approximately \$223,000 - \$123,000 from Bloomfield state aid revenue and \$100,000 as a credit the IA from districts with staff assigned to the IA. The combined impact to the IA for 2024-25 year is a loss of \$48,000. Enrollment as of the October count day, used for billing purposes, is 581 students.
- The 2025-26 budget assumes a \$392 per pupil increase, consistent with the Governor's budget proposal and applies the full 10% equity cushion. We have projected enrollment based on current spring cohorts and known ninth grade enrollments, considering only those ninth graders who have passed the entrance exam. Projected enrollment for the 2025-26 year is 577 students.
- The 24-25 budget includes recognizing \$67,000 of deferred book deposits to help offset the costs of textbooks purchased in the current year. We had a surplus in that account,

using some funds in 2023-24 and again this year to help balance the budget. The amount available to offset textbook costs for 2025-26 is approximately \$20,000. Thus, the decrease in local revenue.

- Last summer, while closing out the 2023-24 year, it came to our attention that the social worker hired at the IA was identified as being funded by the Oakland County mental health grant. This federal grant was recorded in Bloomfield's general fund. As the revenue source should match the expenditure source, the social worker's costs were moved to Bloomfield's general fund to align with the grant. This year, after further investigation, we verified her 2022-23 costs were also recorded in the IA fund with offsetting revenue in Bloomfield's general fund. To make this right, we will utilize current 31aa mental health state funds to offset the cost of the social worker's 2024-25 costs, leaving the expenses in the IA fund and recording the revenue in the IA fund. This is the remaining balance of state funds budgeted for 2024-25. Note there are no grant funds available to continue to fund this position in 2025-26 and beyond.
- The 2024-25 expenditure budgets are being amended to reflect the current needs of the IA, including adjusting salaries and related benefits to negotiated contracts, which vary by district.
- The 2025-26 expenditure budget was built with precision, considering the 2025-26 salaries for all staff as well as their respective retirement plan contribution percentage. Attrition savings for two known retirements were considered, as well as the elimination of one support position. It should be noted that several districts, including Bloomfield, are in contract negotiations with their teacher unions, and we expect settled contracts will increase the proposed budget.

**Bloomfield Hills Schools
International Academy (Central Campus)
Revenues by Source and Expenditures by Function**

	2023-24 Actual Audited	2024-25 Original Budget	2024-25 Amended Budget	2025-26 Proposed Budget
Revenue				
Local Sources	\$ 371,756	\$ 166,000	\$ 234,000	\$ 213,000
State Sources	-	-	247,000	-
Interdistrict Sources	6,462,447	6,709,679	6,438,553	6,657,320
Total Revenue	6,834,203	6,875,679	6,919,553	6,870,320
Expenditures				
Instruction	4,931,212	4,898,251	5,008,389	5,028,510
Support Services	1,692,803	1,718,177	1,798,866	1,684,920
Community Service	129,902	133,327	147,375	147,484
Total Expenditures	6,753,917	6,749,755	6,954,630	6,860,914
Net Change in Fund Balance	80,286	125,924	(35,077)	9,406
Fund Balance - Beginning of Year	\$ 135,494	\$ 188,202	215,780	180,703
Fund Balance - End of Year	\$ 215,780	\$ 314,126	180,703	190,109
	3.19%	4.65%	2.60%	2.77%

**Bloomfield Hills Schools
International Academy (Central Campus)
Revenues by Source and Expenditures by Object**

	2023-24 Actual Audited	2024-25 Original Budget	2024-25 Amended Budget	2025-26 Proposed Budget
Revenue				
Local Sources	\$ 371,756	\$ 166,000	\$ 234,000	\$ 213,000
State Sources	-	-	247,000	-
Interdistrict Sources	6,462,447	6,709,679	6,438,553	6,657,320
Total Revenue	6,834,203	6,875,679	6,919,553	6,870,320
Expenditures				
Salaries	2,031,334	2,078,994	2,110,215	1,989,292
Benefits	1,063,872	1,071,323	1,239,530	1,145,363
Purchased Services	678,851	685,400	725,350	730,350
Supplies and Other	240,857	226,510	222,000	185,600
Payments to Other School Districts	2,739,003	2,687,528	2,657,535	2,810,309
Total Expenditures	6,753,917	6,749,755	6,954,630	6,860,914
Net Change in Fund Balance	80,286	125,924	(35,077)	9,406
Fund Balance - Beginning of Year	\$ 135,494	\$ 188,202	215,780	180,703
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Lake Orion Community Schools Board of Education Resolution
Approval of International Academy, Okma Campus
Fiscal Year 2026 Operating Budget

A work session meeting of the board of education of the District was held on the 28 day of May, 2025 at 6:30 p.m.

The meeting was called to order by Danielle Bresett, President.

Present: Members

Absent: Members

The following preamble and resolution were offered by Member _____ and supported by Member _____:

WHEREAS, the revised Consortium Agreement language related to Participating Districts approval, Section 1 of Part V under B. states the following related to the International Academy Okma Campus states: "Each participating District shall have until June 30th to approve, disapprove or abstain regarding the budget for the ensuing fiscal year by Resolution of its Board of Education and provide notice of its action to the Governing Board and appropriate Fiscal Agent".

WHEREAS, a Participating District that disapproves a budget for the ensuing fiscal year shall be deemed to have unilaterally withdrawn from its participation in the Consortium effective at the end of the current Consortium fiscal year, and its rights and obligations shall be governed by the "Unilateral Withdrawal" provisions of Article III, Section C.3. of this Agreement. Budget revisions made during the year will be shared with participating districts. "

WHEREAS, the tuition rate calculation formula, tuition rates and a preliminary budget for the 2026 Fiscal Year were shared with Participating Districts.

NOW, THEREFORE, BE IT RESOLVED, the Board of Education for Lake Orion Community Schools by majority vote hereby approve the Fiscal Year 2026 operating budget for International Academy Okma.

Ayes: Members

Nays: Members

Resolution declared adoption.

Secretary, Board of Education

Secretary's Certification

I certify that the forgoing resolution was duly adopted by the Lake Orion Community Schools Board of Education at a properly noticed open meeting held on the 28 day of May, 2025, at which quorum was present.

Secretary, Board of Education