

To: John Hood, Superintendent
Board of Education
From: Elizabeth Lentz, Executive Director of Finance
Subject: 2024-25 Budget Revision #2
Date: May 19, 2025

Following a thorough review and analysis of the most recently adopted 2024-25 budget, revisions are necessary to accurately reflect updated expenditure and revenue projections. The following highlights significant areas of revision:

- Special Education revenue distributed by Ingham ISD was increased by \$227,500. SE Funds are distributed in accordance with the SE Funding Formula as outlined in the ISD SE Plan. Estimates of current year funding are provided at various points throughout the school year. The updated budget aligns with the April 30 estimate provided by the ISD.
 - The budget reflects an increase of \$219,132 for insurance reimbursements related to claims from school bus damage as well as damage to the Chippewa Middle School roof which was impacted by a windstorm at the end of the 2023-24 school year. The expense for the roof repair was paid utilizing sinking fund revenue. While best practice would be to record the insurance proceeds in the same fund as the expense, our auditor has confirmed that we are allowed to record the insurance reimbursement as other income in the general fund.
 - Current local property tax values impacted the expected portion of state foundation revenues generated via the local tax levy. \$137,786 was shifted from the State Aid Foundation revenue allocation to reflect these changes.
 - Retirement revenue of \$135,500 was increased due to three (3) state aid retirement sources. Revenue for these sources are updated either quarterly or annually, in late Winter. The budget reflects the most recent update received this week.
 - We continue to see higher than expected returns on general fund investments. The budget was increased by \$40,000 to reflect current trends.
 - The district receives other minor sources of revenue from the ISD. The increase in budget of \$50,000 is mostly related to one-time revenue for state-aid received on contracted special education substitutes that Ingham ISD is the fiscal agent for. The ISD bills Okemos for the costs of the substitutes and then reimburses us for any state aid received. Usage was higher than normal, which resulted in higher than normal revenue.
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- The operations budget was increased by a net \$490,000 for numerous one-time events. Salary & related expenditures decreased by \$110,000 due to several staff members who were on leave for various lengths of time throughout the school year in addition to unfilled positions related to staffing turnover. Contracted services was increased by \$600,000 to account for work that was not able to be performed due to staffing as already mentioned, in addition to other one-time occurrences. The cleaning out of Wardcliff is one example as well as environmental cleaning & repainting at other buildings beyond Kinawa, which was separately budgeted for during the December revision process. Director Lieber will be in attendance on Monday evening to explain this revision in greater detail.
- State and Federal grants were adjusted to reflect new grants awarded since the budget revision, revised allocations and/or updated spending plans for 2024-25. Expenditures for these grants were adjusted as well, making this “budget neutral”.
- The athletics budget was increased by \$115,900 with approximately \$97,000 being on-going costs. A detailed review of actual expenditures since 2022-23 have shown consistent increased costs for athletic training services, referee pay, security services and tournament fees.
- Legal and audit fees were adjusted to reflect updated rates and usage. Legal usage has increased by approximately 60% since 2023-24.
- Other minor adjustments were made to reflect revenue sources and spending trends more accurately.

Impact on Operating Sources and Uses and Fund Balance

- Revenue and expense changes resulted in a revised budget of \$1,733,002 expenditure over revenues. This is a further use of funds from the current budget of \$93,925.
- The projected ending fund balance for 2024-25 is \$9,195,319 which is 12.5% of expenditures.

The proposed revisions to the 2024-25 general fund budget reflect a more fact-based understanding of projected revenue and expenditure activity.