

To: John Hood, Superintendent
Board of Education
From: Elizabeth Lentz, Executive Director of Finance
Subject: 2023-24 Budget Revision #2
Date: May 10, 2023

Following a thorough review and analysis of the most recently adopted 2023-24 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 \$174,000. These SE Funds are distributed in accordance with the SE Funding Formula as outlined in the ISD SE Plan. Of the increase, the full \$174,000 represents one-time revenue sources that will not repeat in 2024-25.
 - In recent years there was not a budget for interest income from investments. With the initial budget revision in December, we were able to add a budget of \$120,000 after many years with very little interest earned. After analyzing additional months of earnings, we are able to add an additional \$40,000 to the budget for total annualized interest revenue of \$160,000.
 - The blended enrollment for 2023-24 decreased by approximately 11.9 FTE primarily due to fewer students enrolled at graduation alliance than in prior years. Foundation dollars were reduced by \$113,968 for this reduction in FTE.
 - The 2023-24 State Aid Act included for the first time a one-time funding source for general education transportation. The calculation was based on prior year costs as well as the number of riders per square miles. The budget was revised to include the allocation for Okemos of \$338,120.
 - The budget placeholder for future expenditures that are currently being funded by COVID relief grants was removed from the 2023-24 budget for a one-time savings of \$415,765.
 - State and Federal grants were adjusted to reflect new grants awarded since the budget revision, revised allocations and/or updated spending plans for 2023-24. Expenditures for these grants were adjusted as well, making this “budget neutral.”
 - The State Aid grant which provided funds for new or replaced mental health staff was again expanded to include new hires made in 2023-24. The grant provides for 33% funding of the budgeted expenditures for eligible staff. The budget was increased by \$95,463 to account for the expanded grant award.
-

- \$250,500 was added to the operations budget based on current expenditures. Increases relate to continued environmental concerns as well as increased service needs for our mechanical systems throughout the district. In 2022-23 we had similar expenditure usage and had talked with the Board about monitoring to see if the increase was a one-time issue or on-going need. With the age and functionality of our current mechanical systems we believe most of the increased cost will continue for future years until we are able to upgrade aging systems.
- The Early Childhood Special Education Teacher Consultant position was never able to be filled in 2023-24. Expenditures were reduced by \$54,279 for a one-time savings.
- The budget was reduced by \$72,170 to account for a change in enrollment and costs related to offering childcare services.
- Field trip transportation revenue was increased by \$35,000 to account for current usage. However, fuel expenses increased by the same amount, resulting in a budget neutral adjustment for transportation.
- Utilities expenditures were increased by \$167,500 to reflect current year usage and additional costs of services.
- Other minor adjustments were made to reflect revenue sources and spending trends more accurately.

Impact on Operating Surplus, Fund Balance

- Revenue and expense changes resulted in a revised budget of \$497,332 revenues over expenditures.
- The projected ending fund balance for 2023-24 is \$10,298,963 which is 14.6% of expenditures.

The proposed revisions to the 2023-24 general fund budget reflect a more fact-based understanding of projected revenue and expenditure activity.
