

To: John Hood, Superintendent
Board of Education
From: Elizabeth Lentz, Executive Director of Finance
Subject: 2022-23 Budget Revision
Date: May 17, 2023

Following a thorough review and analysis of the most recently adopted 2022-23 budget, revisions are necessary to more accurately reflect updated expenditure and revenue projections. The following highlights significant areas of revision:

- Special Education (SE) revenue distributed by Ingham ISD, was increased by \$539,000. These SE Funds are distributed in accordance with the SE Funding Formula as outlined in the ISD SE Plan. Of the increase, \$127,000 represents one-time revenue sources that will not repeat in 2023-24.
 - The 2022-23 State Aid Budget included additional grant opportunities to address learning loss, student mental health and safety. Applications were submitted for all opportunities we were eligible for and we were notified earlier this Spring of our awards. The budget includes an increase in revenue of \$906,067 to account for these awards of which approximately \$589,000 of the award can be used to offset existing expenditures. The other \$317,000 relates to expenditures related to security assessments and funding for a portion of the secure vestibule projects.
 - The Great Start Readiness Program (GSRP) grant was reduced by \$25,433 as 3 spots were unable to be filled due to the short time frame we had to get the new program up and running in January. Expenditures were adjusted to reflect the reduced revenue.
 - Michigan was awarded \$700 million through the American Rescue Plan to provide financial assistance to childcare providers. During the 1st budget revision, we increased our budget for a third round of funding. Assumptions for use of the 3rd round of funding were adjusted after accounting for final expenditures of the previous rounds. Therefore, we are increasing the budget by \$245,769 as we anticipate being able to spend more of the award. This increase also includes a tuition refund (offset by our grant award) of 8% for tuition paid from September – April and an enhanced refund for families who were eligible for free/reduced lunch. Approximately \$63,000 of the award can be used to offset existing expenditures.
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- Utilities and transportation fuel expenditures were increased by \$205,500 to reflect current year usage and additional costs of services.
- A special education teacher was added mid-year due to caseload sizes as well as two additional full-time substitute bus drivers. While our regular routes are fully staffed the pool of substitute drivers continues to be small. Therefore, the addition ensures we have coverage for absences as well as meeting the need of after school trips. The budget was increased by \$45,360 due to these staffing increases.
- Operations expenditures increased by \$280,000 to account for increased need in repairs & maintenance this past year. Some examples include the set-up of specialized behavior rooms, swipe locks at Edgewood, power washing the exterior of the high school, bleacher repairs, etc. In addition, Director Fargo is performing preventative maintenance, such as sealing parking lots and floors, to increase the life of our systems. Directors Fargo and Lentz will review this increase more thoroughly to determine if this is a one-time anomaly or if due to our aging buildings an increase in the budget should be considered.
- Salary and benefits were reduced by \$268,114 to adjust for one-time savings related to positions which were not filled for various portions of the school year.
- Other smaller 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 \$1,424,208 revenues over expenditures.
- The beginning fund balance was decreased due to the implementation of GASB 96 which resulted in a revised beginning General Fund Balance of \$8,044,337. The ending projected General Fund balance of \$9,468,545 represents 14.7% of expenditures.

The proposed revisions to the 2022-23 general fund budget reflect a more fact-based understanding of projected revenue and expenditure activity.