

# ANN ARBOR PUBLIC SCHOOLS

## FY 2011/12 APPROVED BUDGET



*Prepared by:  
Operations Division*

*June 8, 2011*

**One Focus, One Agenda: Academic Success for All Students**

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2010-11**

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**ANN ARBOR PUBLIC SCHOOLS**  
*Operations Division*

MEMORANDUM

**TO:** Robert Allen, Interim Superintendent  
**FROM:** Nancy Hoover, Director of Finance/Interim CFO  
**DATE:** May 19, 2011  
**SUBJECT:** *FY 2011/12 Budget*

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The following budget is submitted in accordance with the requirements under the State of Michigan Uniform Budgeting and Accounting Act (PA 621). The presentation schedule follows the requirements of Act 43 and Article 10 for public involvement in the budget approval process. This is a balanced budget; in accordance with legislative and board policy, following good management practices.

This document continues the process of the three-year rolling budget concept introduced in Fiscal Year 97/98 to aid in our long-term efforts to balance our future needs with expected revenue levels. It should be noted that the second and third years of the rolling budget will always be less detailed than the first or upcoming budget year. The rolling budget plan is an ongoing, continuous process that requires constant monitoring, changing, refining and fine-tuning throughout the year. As forecasts and other budget changes become available, the projections will be updated.

Included in the budget document are the required budget resolutions for the General Fund, Capital Needs, Sinking Fund, Debt, Food Service and Recreation. Beginning with the FY 05/06 budget, the format for presenting the general fund expenditure was modified. Once again, the information is presented in more specific categories – similar to the format used in the annual Financial report. For the benefit of the reader, the school district's annual Financial report includes a comprehensive financial accounting, detailing the appropriations and actual expenditures by levels and programs. These reports are available in the fall, for the preceding fiscal year ending June 30<sup>th</sup>.

I would like to emphasize that the budget, in its simplest form, is an annual operating plan which contains an estimate of the proposed expenditures balanced against anticipated revenue. Adjustments to revenue and expenditures—after the adoption of the budget—are typically presented to the Board of Education for approval as part of the general appropriations act.

Finally, many thanks to the Superintendent's Cabinet for providing the input or information on revenue and enrollment projections as well as the proposed budget savings for FY 11/12. Special thanks to Linda Doernte and Judy Solowczuk for their assistance in the completion of this document.



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**BUDGET TIMELINE  
and  
DEVELOPMENT PROCESS**



## Budget Development Timeline – 2011/12

- Revenue & Expenditure Projections Week of Jan. 3, 2011
- Input Gathering Forums (Staff) Jan. 3-28, 2011
- Input Gathering Forums (Parents, Community) Jan 3-28, 2011
- Meeting with Instructional Council Re: Budget Planning Jan. 18, 2011
- Budget Planning by Department & Level Jan. 24 – Mar. 18, 2011
- Meeting with Bargaining Units Re: Budget Planning Jan. 24 – Mar. 18, 2011
- BOE Planning Committee Meeting Re: Budget Planning Mar. 3, 2011
- BOE Study Session Re: Budget Planning Mar. 9, 2011
- Development of Draft Budget Plan March 1-25, 2011
- Meeting with Instructional Council Re: Draft Budget Plan March 15, 2011
- Briefing to BOE on Draft Budget Plan March 30, 2011
- Meeting with Bargaining Units Re: Draft Budget Plan March 28 – Apr. 15, 2011
- Meetings with Staff, PTOC, AAPAC, BPSSG March 28 – Apr 15, 2011
- Briefing to BOE on Draft Budget Plan April 13, 2011
- Briefing and Approval on Budget Resolution and notice calling for a Public Hearing\* May 11, 2011
- Publish notice for a Public Hearing\* May 19, 2011  
*(at least 6 days prior to the date of hearing)*
- First Briefing & Public Hearing on Proposed Budget, First Briefing of Millage Resolution\* May 25, 2011  
(Compliance w/Truth in Budgeting Act)
- Second Briefing and Adoption of Millage Resolution, & Approval of the General Appropriations Act\* June 8, 2011  
(F/Y 2011-12 Budget)



**STRATEGIC PLAN  
FY 2011/12 GOALS**



Strategic Plan 2007 → 2012

Honoring our past, planning for our future today....

The Ann Arbor Public Schools district is engaged in a process which honors our long history as an excellent public schools system but also acknowledges that we must act now to strengthen the educational experience for every student. A thirty-two member Strategic Planning Team representing parents, students, teachers, administrators, trustees, and community members drafted the Strategic Plan. It is a plan that includes beliefs, a mission, objectives, and strategies. Specific Action Plans, designed to achieve the strategies identified, will be drafted by a larger group of employees, parents and community members over the next few months.

Implementation of the Action Plans will begin during the 2007/2008 school year as an on going process updated annually.



Mission

The mission of the Ann Arbor Public Schools, a world-class system of innovative teaching and learning, is to ensure each student realizes his or her aspirations while advancing the common good through a community dynamic distinguished by:

- Personalized learning that is curiosity driven, student directed, teacher inspired
- Challenging and provocative curriculum
- Individualized and group creative expression
- The nurturing of the human spirit
- Culturally congruent instruction
- Forging alliances with families and communities

Beliefs

An expression of fundamental values: ethical code, overriding convictions, inviolable principles.

*We believe that...*

- ...heritage shapes individual identity.
- ...all people have the right to learn without limits.
- ...a person's achievement can not be predetermined.
- ...we are strongest when working together.
- ...everyone can make a valuable contribution to society.
- ...environmental stewardship is our moral obligation.
- ...the dignity of each person deserves respect.
- ...racism is destructive.
- ...communication leads to understanding, understanding fosters relationships, and community is built on those relationships.
- ...we first create in ourselves what we seek to create in the world.
- ...all people deserve to live in a healthy, safe environment.
- ...diversity enriches a community.
- ...individual potential deserves fulfillment.
- ...all people have the innate desire for creative expression.

Objectives

An uncompromising commitment to achieve specific, measurable, observable, or demonstrable results that exceed its present capability.

- 100% of Ann Arbor Public School students will exceed international standards in achievement.
- Each student progressively achieves his/her personalized educational goals.
- Students have and demonstrate concern for self and others.
- Each student is a positive contributor to his/her community.
- All students are accomplished in their lifelong pursuits.

Strategies

Bold resolutions that dedicate the organization's resources and energies toward the continuous creation of systems to achieve the extraordinary as expressed in the mission and objectives.

- We will create a complete educational program featuring personalized learning that realizes student aspirations and meets international standards.
- We will develop and implement a personalized learning plan for each student.
- We will actualize the potential for excellence in all students through inspiration and support.
- We will ensure meaningful learning through effective teaching.
- We will implement a system to ensure continuous development of staff capacity.
- We will inform and engender trust and support from our constituents to accomplish our mission and objectives.
- We will create and maintain physical learning environments that enable us to fulfill our mission.
- We will ensure resources adequate to accomplish our mission and objectives.

Parameters

Boundaries within which the organization will accomplish its mission; self-imposed limitations.

- We will make all decisions and take all actions based strictly on the best interest of the student.
- We will not tolerate prejudice by anyone.
- We will not accept ineffective performance.
- We will not compromise excellence.
- We will ensure the safety and security of all those in the district.
- We will not engage in anything that does not support our primary-secondary educational programs.





**THREE-YEAR REVENUE PROJECTION**



## Three Year Revenue Projection FY 2010 - FY 2014

(millions)

	Budgeted		Projected		
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
General Ed.	16,028	16,028	16,338	16,338	16,338
Special Ed (Included in State categorical below)	404	404	361	361	361
<b>Total Blended Count (FTE)</b>	<b>16,432</b>	<b>16,432</b>	<b>16,699</b>	<b>16,699</b>	<b>16,699</b>
<b>FY 1995 Base Foundation</b>	<b>7,734.35</b>	<b>7,734.35</b>	<b>7,734.35</b>	<b>7,734.35</b>	<b>7,734.35</b>
Discretionary Foundation	1,756.00	1,591.00	1,432.00	1,286.00	1,286.00
<b>Total Foundation (per student)</b>	<b>9,490.35</b>	<b>9,325.35</b>	<b>9,166.35</b>	<b>9,020.35</b>	<b>9,020.35</b>
Proposal A Obligation (Gen. Ed. students only)	123.97	123.97	126.36	126.36	126.36
Discretionary Foundation (G.E. students only)	28.15	25.50	23.40	21.01	21.01
Proration on foundation revenue					
<b>Total Foundation</b>	<b>152.11</b>	<b>149.47</b>	<b>149.76</b>	<b>147.37</b>	<b>147.37</b>
<b>Adjustments:</b>					
Delinquent and Previous Year Tax Adjustment	(0.86)	(0.70)	(0.70)	(0.70)	(0.70)
Schools of Choice	0.00	0.92	0.00	0.00	0.00
Schools of Choice differential	0.00	0.00	(0.26)	(0.26)	(0.26)
Deferred Revenue	(0.44)	0.00	0.00	0.00	0.00
Section 11d, 11.2bc pupil deduct	(2.50)	0.00	0.00	0.00	0.00
ARRA Stabilization/Edu Jobs	(4.60)	(1.91)	0.00	0.00	0.00
<b>Total Foundation Allowance</b>	<b>143.71</b>	<b>147.78</b>	<b>148.80</b>	<b>146.41</b>	<b>146.41</b>
<b>Other Local Sources:</b>					
Tuition (includes summer school fees)	0.08	0.06	0.06	0.06	0.06
Income from Investment	0.04	0.10	0.10	0.10	0.10
Rental of School Facilities (tower rentals)	0.47	0.50	0.50	0.50	0.50
Admissions/Pay to Participate	0.00	0.00	0.80	0.80	0.80
Parking Project	1.00	1.08	1.18	1.18	1.18
Reimbursements	0.20	0.20	0.20	0.20	0.20
Miscellaneous	0.25	0.40	0.20	0.20	0.20
<b>Total Other Local Sources</b>	<b>2.04</b>	<b>2.34</b>	<b>3.04</b>	<b>3.04</b>	<b>3.04</b>
<b>State Sources:</b>					
Categoricals:					
Bilingual Program	0.05	0.05	0.05	0.05	0.05
Special Education (costs increase 7% per year)	11.78	12.62	12.41	13.28	14.21
Adult Education	0.11	0.10	0.10	0.10	0.10
Vocational Education (Added/Administration)	0.16	0.15	0.15	0.15	0.15
Other categoricals	0.02	0.00	0.00	0.00	0.00
Prior year adjustments	4.57	1.50	0.50	0.50	0.50
<b>Total State Sources</b>	<b>16.69</b>	<b>14.42</b>	<b>13.21</b>	<b>14.08</b>	<b>15.01</b>
<b>Federal Source - Medicaid Outreach</b>	<b>0.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Interdistrict Sources:</b>					
County Special Education	20.82	20.12	17.20	13.20	13.20
Tuition - Other Districts	0.05	0.35	0.35	0.35	0.35
Other	0.22	0.90	0.09	0.09	0.09
<b>Other Financing Sources:</b>					
Transfer from Other Funds	0.57	0.12	0.12	0.12	0.12
<b>Total Interdistrict and Financing Sources</b>	<b>21.66</b>	<b>21.49</b>	<b>17.76</b>	<b>13.76</b>	<b>13.76</b>
<b>Total Other Sources</b>	<b>40.42</b>	<b>38.25</b>	<b>34.01</b>	<b>30.88</b>	<b>31.81</b>
<b>Total General Fund Revenue</b>	<b>184.13</b>	<b>186.03</b>	<b>182.81</b>	<b>177.29</b>	<b>178.22</b>

Please see accompanying assumptions

Assumptions:

The student blended count is based on data prepared by pupil accounting. The 5 year Cohort survival method was used as a starting point but consideration was given to the current economic climate in the state, and the additional spaces opened through Schools of Choice. FY 2011 has not been adjusted for the audited September 2010 count. FY 2012 includes the increase from the September 2010 count plus a projected increase of 130 students.

In FY11 the district saw a per pupil loss of \$233 due to the elimination of the 20J State Aid categorical, and a \$154 per pupil cut in State Aid funding. Both reductions are the result of the short fall in the State of Michigan's School Aid Fund. A portion of the reduction was made up with money from the Edujobs grant and from the ARRA Stabilization grant. The total is not reflected in the FY11, but will be adjusted in the third quarter. The \$233 loss of 20J funding has now become a permanent reduction in our per pupil funding. FY12 includes the current proposed reduction in per pupil funding of \$470.

The County Special Education reimbursement will be 77% for the FY 2011 school year and will be reduced to 73% for FY 2012. Due to the continued decline in the taxable value of properties in Washtenaw County, the reimbursement for FY 2013 and FY 2014 is expected to drop to approximately 56% of reimbursable Special Education costs.

**Revenue projections subject to change based on timing of tax collections, May and January revenue consensus meetings, sales tax receipts and state politics.**

## ***FUNDING ALLOCATION SINCE PROPOSAL A***

Fiscal year	Per Pupil Allocation	\$ Incremental Increase	% Increase
93-94	\$7,574		
94-95	\$7,734	\$160	2.11%
95-96	\$7,887	\$153	1.98%
96-97	\$8,042	\$155	1.97%
97-98	\$8,196	\$154	1.91%
98-99	\$8,196	\$0	0.00%
99-00	\$8,434	\$238	2.90%
00-01	\$8,734	\$300	3.56%
01-02	\$9,034	\$300	3.43%
02-03	\$9,181	\$147	1.63%
03-04	\$9,160	(\$21)	(0.23%)
04-05	\$9,234	\$74	0.81%
05-06	\$9,409	\$175	1.90%
06-07	\$9,619	\$210	2.23%
07-08	\$9,667	\$48	0.50%
08-09	\$9,723	\$56	0.58%
09-10	\$9,336	\$(387)	(3.98%)
10-11	\$9,490	\$154	1.65%
*11-12	\$9,020	(\$470)	(4.95%)
	<b><i>Average Increase</i></b>	<b><i>\$80.33</i></b>	<b><i>1.00%</i></b>

\*Projected

This chart provides a historical perspective of the per pupil funding since Proposal A. Due to the current economic challenges facing the State of Michigan, any projections are speculative at best. Based on the most current information including the impact of the stimulus package, we are projecting that the per pupil allocation for 2011/12 will be reduced to \$9,020 per pupil. This is an additional loss of \$470 per pupil.

From 2011, projecting the foundation allowance beyond FY 2011/12 is highly speculative due to the state's fiscal situation. For budget planning purposes, we are projecting no foundation increase for FY 2012/13 or FY 2013/14.

It is unlikely that we may receive final foundation allowance information from the state to meet the budget adoption timeline for 2011/12. Therefore, any adjustment to revenue will have to be made as a budget amendment when we present the quarterly financial report.

## **Key Components Expenditure Budget**

***Incremental Budget Increase:*** These are expenditures which increase annually according to contractual agreements. A “step” (built into the salary schedule) is an automatic salary increase given to eligible employees. This is in addition to any negotiated salary increase.

Many employees qualify for “step increases”. These increases are paid every year until the eligible employee reaches the highest step on the salary scale for that bargaining unit.

Along with the step increases, the district must provide for the matching social security (FICA) and state retirement costs.

***Fringe Increases (health, life, dental, etc.):*** Fringe increases are calculated based on historical averages and current information available from the carriers at the time the budget is being formulated. Over the past several years the district has experienced significant increases in health-related insurance costs exceeding the rate of inflation. In an effort to contain costs, the district has made adjustments to the various plans that are offered for all support staff and administration. The district has realized some savings, however, with the continued rising health care costs, an increase of 8% is projected for FY 2011/12, 2012/13 and 2013/14. The district will continue to evaluate the health insurance offerings for all three years to ensure maximum service and savings.

***State Retirement Rate Increase:*** This rate is projected based on information available at the time the budget is being prepared. The rate is set effective with the state fiscal year (October – September), while the school budget is adopted based on a July-June fiscal year. For FY 2012 a rate of 24.46% will go into effect October 1, 2011. The 2010/11 rate of 20.66% will continue through September 30, 2011. A 2.91% increase over the 2011/12 rate is projected for FY 2013 and 1.5% for FY 2014.

***Utilities:*** Rates are based on negotiated contract prices and in the past the district has been successful in signing a multi-year **gas contract**. The **electricity contract** has expired, however due to DTE’s new tariff rate, the district was unable to secure any competitive rates. Therefore, we reverted to DTE tariff rates for the current year.

***Negotiations (competitive wages):*** Personnel cost is the single largest expense for the district. Salaries and benefits represent about 88-90% of the general operating budget. The issue of competitive wage is an on-going challenge for the district as our funding continues to lose ground to inflation. Wage increases are normally budgeted based on negotiated settlements (if known). Our total employment costs for FY 2011/12 is about \$1.47 for every dollar the District spends on wages.

## **BUDGET SUMMARY**



<b>FISCAL YEAR 2011/12 BUDGET</b>
-----------------------------------

<b>Blended Count</b>		<b>16,699</b>
<b>Estimated Revenue (in millions)</b>		<b>\$182.81</b>
<b>Fund Equity Appropriation</b>		<b>0.81</b>
<b>Total Revenue</b>		<b>\$183.62</b>
<b>Expenditures: (in millions)</b>		
Basic Expenditures		<b>\$186.41</b>
<b>Reductions:</b>		
Budget Reduction Plan	(\$12.34)	
		<b>(\$12.34)</b>
<b>Additions:</b>		
Retirement Rate Adjustment	\$4.09	
Step, FICA, Retirement, Fringes	\$1.72	
Average Fringe Rate Increase	\$1.57	
Way, ECA, IB Programs	\$1.37	
Athletics	\$0.80	
		<b>\$9.55</b>
<b>Total Expenditures</b>		<b>\$183.62</b>

Note: Please refer to page 3 for Revenue Assumptions and page 6 for expenditure assumptions. On pages 13 & 14 you will find a detailed 2011/12 Budget presented in more specific categories - similar to the format used in the annual Financial Report.

Excludes other bargaining units' salary adjustments pending negotiations.

## Three-Year Budget Projection

(In millions)

--PROJECTED--

ITEM DESCRIPTION	2010/11	2011/12	2012/13	2013/14
Blended Count:	16,432	16,699	16,699	16,699
Revenue (MAY 16, 2011)	\$187.94	\$182.81	\$177.29	\$178.22
<b>EXPENDITURES:</b>				
Basic Expenditures (Estimated for FY11)	\$183.97	\$186.41	\$183.62	\$191.07
Salary Differential/Vacancy Savings		\$0.00	\$0.00	\$0.00
Step Increment (includes FICA & Retirement)		\$1.72	\$1.76	\$1.77
Fringe Increase		\$1.57	\$1.69	\$1.83
Retirement Rate Adj.(1.25% incr. in FY 11)	\$1.33	\$4.09	\$3.17	\$1.65
Utilities Increase		\$0.00	\$0.00	\$0.00
AAEA Negotiations Settlement		\$0.00	\$0.00	\$0.00
Other Barg. Units (settled contracts)		\$0.00	\$0.00	\$0.00
WAY, ECA, IB PROGRAMS		\$1.37	\$0.00	\$0.00
Budget Reduction Plan	\$0.00	(\$12.34)	\$0.00	\$0.00
Athletics		\$0.80	\$0.83	\$0.84
<b>TOTAL EXPENDITURES</b>	<b>\$185.30</b>	<b>\$183.62</b>	<b>\$191.07</b>	<b>\$197.17</b>
Balance/ Deficit	\$2.64	(\$0.81)	(\$13.78)	(\$18.95)
<b>Fund Equity - Beginning Balance</b>	<b>\$16.96</b>	<b>\$19.60</b>	<b>\$18.79</b>	<b>\$5.01</b>
Fund Equity Appropriation		(\$0.81)	\$- 0	\$- 0
Fund Equity - Ending Balance (Est.)	\$19.60	\$18.79	\$5.01	\$(13.94)

### ASSUMPTIONS:

Revenue and expenditure projections are still subject to change.

Reflects revenue additions of \$1.20 M for Sch. of Choice and \$0.10 M, increased parking fee

Reflects basic expenditures, excludes salary increase except those settled

Retirement rate increase of 3.8% in FY12, 2.91% in FY13 and 1.5% for FY14

Fringe rate increase projected at 8% for each fiscal year.

**Budget Plan 2011/12**  
**Total Proposed Additions and Reductions**

		Amount	Staffing Impact FTE
<b>REVENUE:</b>			
	Open School of Choice Enrollment Spaces	\$900,000	
	Increase Parking Fees from \$35 - \$40 per vehicle	\$100,000	
	<b>Total Revenue Additions</b>	<b>\$1,000,000</b>	
<b>EXPENDITURE:</b>			
<b>Instruction:</b>			
	Reduce Teaching Positions	\$5,607,000	62.30
	Reduce Administrative Positions in High Schools	\$300,000	2.00
	Reduce Paraprofessional Positions	\$150,000	3.00
	Transfer Cost of 1 FTE to IDEIA Grant	\$90,000	1.00
	Reduce Instruction Support Position	\$60,000	1.00
<b>Operations:</b>	Reduce Transportation Service:		
	Eliminate H.S. Busing	\$818,000	
	Eliminate 7 <sup>th</sup> Hour Busing	\$74,000	
	Eliminate Afterschool Shuttle @ Middle School	\$108,000	
	Physical Properties - Custodial & Maintenance:		
	Reduction in Utilities Cost & Mail Services	\$260,000	1.00
	Information Technology Department:		
	Reduce two positions, operational savings	\$300,000	2.00
	Human Resource Services:		
	Reduction in Legal Budget	\$100,000	0.75
<b>District Wide:</b>	Reduce School and Departmental Budgets by 7%	\$500,000	
	Reduce Noon Hour Supervision	\$200,000	
	Reduce Transfers to Building Budgets	\$100,000	
	Athletics:		
	Outsource Non-teacher Coaches, Reduce Transportation Services	\$475,000	
	Reduce Substitute Costs	\$600,000	
<b>Wages &amp; Benefits:</b>	3 / 4 Year Step Freeze	\$1,100,000	
	Projected Health Care Savings	\$1,000,000	
	Supplemental Pay Reduction	\$500,000	
	<b>Total Expenditure Reductions</b>	<b>\$12,342,000</b>	<b>73.05</b>
	<b>Total Revenue Additions &amp; Expenditure Reductions</b>	<b>\$13,342,000</b>	<b>73.05</b>



**GENERAL FUND RESOLUTION**



<b>GENERAL FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT</b>
---

*RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION  
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR*

RESOLVED, that this resolution shall be the General Appropriations Act of the Public Schools of the City of Ann Arbor for the fiscal year 2011/12.

AN ACT to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the Public Schools of the City of Ann Arbor.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the General Fund of the Public Schools of the City of Ann Arbor for the fiscal year 2011/12 is as follows:

ITEM DESCRIPTION	AMOUNT
<b>REVENUE</b>	
Foundation Allowance	\$148,800,000
Local Sources	\$3,040,000
State	\$13,210,000
Federal	\$0
Incoming Transfers & Other Transactions	\$17,760,000
<b>TOTAL REVENUE</b>	<b>\$182,810,000</b>
UNDESIGNATED FUND BALANCE, JULY 1	(Est.) \$19,600,000
<b>TOTAL Available to Appropriate</b>	<b>\$202,410,000</b>

*Note:* Total revenues include all income generated for operational purposes by an ad valorem property tax levy of 4.6912 hold harmless mills for homestead and qualified agricultural property and 18.0000 mills for non-homestead property for the Public Schools of the City of Ann Arbor. The 2011 estimated taxable value, after TIF capture, is \$4,398,157,754 and \$2,893,495,336 for homestead and non-homestead property, respectively. The estimated revenue earned from the combined property tax revenue will be \$72,715,481. In accordance with the "Truth in Budgeting Act", no additional millage rate is included for non-homestead mills

<b>GENERAL FUND</b> <b>PUBLIC SCHOOLS</b> <b>GENERAL APPROPRIATIONS ACT</b>
---

**BE IT FURTHER RESOLVED** that of the total \$202,410,000 available to appropriate in the General Fund, \$183,615,000 is hereby appropriated in the amounts and for the purposes set forth below:

<b>ITEM DESCRIPTION</b>	<b>PROPOSED BUDGET</b>
<b>EXPENDITURES</b>	
<b>Instructional Services:</b>	
Basic Program	\$86,217,973
Added Needs	19,757,510
Adult & Continuing Education	68,888
Other Employee Benefits*	-
<b>Support Services:</b>	
Pupil	21,988,396
Instruction Staff	8,807,239
General Administration	1,645,099
School Administration	12,230,158
Operations	2,167,859
Custodial/Maintenance/Utilities	18,086,466
Pupil Transportation	6,044,285
Central Services	4,785,358
Other Employee Benefits*	1,009,771
Athletics	819,200
<b>Community Services:</b>	668,052
<b>Ongoing Transfers/Other</b>	2,910,746
<b>TOTAL</b>	<b>\$187,207,000</b>
Additions	8,750,000
Adjustments/Savings	(12,342,000)
<b>TOTAL</b>	<b>\$183,615,000</b>

\*All other employee benefits (e.g., medical, dental, etc.) included in individual line items.  
 Totals subject to change based on increase/decrease in staffing and pupil count, approved budget reductions and other budget adjustments.

**BE IT FURTHER RESOLVED**, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**BE IT FURTHER RESOLVED**, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Operations, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an

**GENERAL FUND  
PUBLIC SCHOOLS  
GENERAL APPROPRIATIONS ACT**

appropriations act amendment which amendment shall be adopted by the Board of Education at such meeting.

**BE IT FURTHER RESOLVED**, that the Superintendent and Deputy Superintendent for Operations are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

**This act is to take effect on July 1, 2011.**

---

On the motion of Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_ the above Resolution was presented to the Board of Education.

**AYES:** \_\_\_\_\_ **NAYS:** \_\_\_\_\_ **ABSENT:** \_\_\_\_\_

**RESOLUTION DECLARED:** \_\_\_\_\_

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on June 8, 2011, at the Public Library, Ann Arbor, Michigan.

\_\_\_\_\_  
**DATE:** \_\_\_\_\_  
**CITY OF ANN ARBOR**  
**COUNTY OF WASHTENAW**  
**STATE OF MICHIGAN**

\_\_\_\_\_  
**NOTARY**

**ANN ARBOR PUBLIC SCHOOLS  
GENERAL FUND BUDGET**

DESCRIPTION	FUNCTION CODE	2010/11 GEN FUND STAFF FTES	SEPT, 2010 STUDENT FTES	2010/11 BUDGET (as of 12/31/10)	2011/12 PROPOSED BUDGET
<b>REVENUES:</b>					
Foundation Allowance				\$147,776,494	\$148,800,000
Local Sources				\$2,340,000	\$3,040,000
State Sources				\$14,420,000	\$13,210,000
Incoming Transfers and Other Transactions				<u>\$21,490,000</u>	<u>\$17,760,000</u>
<b>TOTAL REVENUES</b>				\$186,026,494	\$182,810,000
Fund Equity Appropriation				\$0	\$810,000
				<hr/>	<hr/>
				\$186,026,494	\$183,620,000
<b>EXPENDITURES:</b>					
<b>INSTRUCTION SERVICES</b>					
Elementary Instruction	1XX				
	111	376.30	7,349.75	\$38,859,540	\$39,615,824
Middle School Instruction	112	161.47	3,499.82	\$17,202,262	\$17,446,196
High School Instruction	113	266.29	5,405.52	\$26,630,349	\$28,516,823
Pre-kindergarten Instruction	118	2.80		\$270,300	\$272,475
Summer School Instruction	119	0.00		\$366,655	\$366,655
<b>BASIC PROGRAMS</b>	11X	<b>806.86</b>	<b>16,255.09</b>	<b>\$83,329,106</b>	<b>\$86,217,973</b>
Special Education Instruction	122	271.35	259.16	\$14,893,605	\$15,116,097
Compensatory Instruction	125	19.75	0.00	\$2,270,354	\$2,292,229
Career & Tech Education Instruction	127	12.54	0.00	\$2,324,674	\$2,349,184
<b>ADDED NEEDS</b>	12X	<b>303.64</b>	<b>259.16</b>	<b>\$19,488,633</b>	<b>\$19,757,510</b>
Adult Education Basic	131	0.40	0.00	\$49,499	\$49,895
Adult Education Secondary	132	0.00	0.00	\$18,993	\$18,993
<b>ADULT &amp; CONTINUING EDUCATION</b>	13X	<b>0.40</b>	<b>0.00</b>	<b>\$68,492</b>	<b>\$68,888</b>
<b>OTHER EMPLOYEE BENEFITS</b>	195			<b>\$0</b>	<b>\$0</b>
<b>SUPPORTING SERVICES</b>					
Truancy/Absenteeism Services	211	1.00		\$79,799	\$80,575
Guidance Services Pupil	212	43.50		\$4,953,666	\$5,003,979
Health Services Pupil	213	19.60		\$2,157,626	\$2,176,477
Psychological Services Pupil	214	13.00		\$1,950,310	\$1,967,191
Speech Pathology/Audiology Pupil	215	33.30		\$3,597,990	\$3,628,177
Social Work Pupil	216	19.00		\$1,750,082	\$1,899,277
Teacher Consultants	218	42.85		\$4,474,091	\$4,511,501
Other Pupil Support Services	219	33.20		\$2,658,219	\$2,721,219
<b>PUPIL</b>	21X	<b>205.45</b>	<b>0.00</b>	<b>\$21,621,783</b>	<b>\$21,988,396</b>
Improvement of Instruction Staff	221	18.00		\$3,046,629	\$3,159,274
Educational Media Service	222	34.15		\$3,976,426	\$4,025,410
Instruction-related Technology	225	0.00		\$86,851	\$87,420
Supervision/Direction Instruction Staff	226	9.76		\$1,367,920	\$1,382,057
Other Instruction Staff Services	229	0.00		\$144,819	\$153,078
<b>INSTRUCTIONAL STAFF</b>	22X	<b>61.91</b>	<b>0.00</b>	<b>\$8,622,645</b>	<b>\$8,807,239</b>

The above totals are subject to change based on increase/decrease in staffing and pupil count, approved budget reductions and other budget adjustments in 2011/12

**ANN ARBOR PUBLIC SCHOOLS  
GENERAL FUND BUDGET**

DESCRIPTION	FUNCTION CODE	2010/11 GEN FUND STAFF FTES	SEPT., 2010 STUDENT FTES	2010/11 BUDGET (as of 12/31/10)	2011/12 PROPOSED BUDGET
Board of Ed Administration	231	1.00		\$481,761	\$498,558
Executive Administration	232	8.60		\$1,112,726	\$1,146,541
<b>GENERAL ADMINISTRATION</b>	<b>23X</b>	<b>9.60</b>	<b>0.00</b>	<b>\$1,594,487</b>	<b>\$1,645,099</b>
Office of Principal School Admin	241	114.50		\$12,021,926	\$12,123,575
Other School Administration	249	0.00		\$106,583	\$106,583
<b>SCHOOL ADMINISTRATION</b>	<b>24X</b>	<b>114.50</b>	<b>0.00</b>	<b>\$12,128,509</b>	<b>\$12,230,158</b>
Fiscal Services	252	12.00		\$1,439,046	\$1,456,915
Internal Services	257	1.00		\$507,457	\$507,944
Other Business Services	259	0.00		\$203,000	\$203,000
<b>BUSINESS SERVICES</b>	<b>25X</b>	<b>13.00</b>	<b>0.00</b>	<b>\$2,149,503</b>	<b>\$2,167,859</b>
Operating Buildings Services	261	182.00		\$17,933,756	\$17,967,312
Facilities Monitor	266	1.00		\$118,624	\$119,154
<b>OPERATIONS &amp; MAINTENANCE</b>	<b>26X</b>	<b>183.00</b>		<b>\$18,052,380</b>	<b>\$18,086,466</b>
<b>PUPIL TRANSPORTATION</b>	<b>27X</b>	<b>0.00</b>		<b>\$6,044,485</b>	<b>\$6,044,285</b>
Planning, Research, Development, Evaluation	281	4.00		\$422,178	\$425,035
Communication Services	282	3.00		\$465,660	\$468,139
Staff/Personnel Services	283	12.25		\$1,371,178	\$1,380,756
Non-Instructional Technology Services	284	17.00		\$2,442,755	\$2,454,907
Pupil Accounting	285	0.00		\$25,417	\$26,904
Other Central Services	289	1.00		\$29,617	\$29,617
<b>CENTRAL SERVICES</b>	<b>28X</b>	<b>37.25</b>	<b>0.00</b>	<b>\$4,756,805</b>	<b>\$4,785,358</b>
<b>STUDENT ACTV./OTHER EMPL. BENEFITS</b>	<b>291/295</b>	<b>0.00</b>		<b>\$1,007,572</b>	<b>\$1,009,771</b>
<b>ATHLETICS (admissions/other rev.)</b>	<b>293</b>	<b>0.00</b>	<b>0.00</b>	<b>\$0</b>	<b>\$819,200</b>
Other Community Support Services	371	0.00		\$49,064	\$49,064
Other Community Services	391	3.00		\$614,738	\$618,988
Community Services - Employee Benefits	395	0.00	0.00	\$0	\$0
<b>COMMUNITY SERVICES</b>	<b>3XX</b>	<b>3.00</b>	<b>0.00</b>	<b>\$663,802</b>	<b>\$668,052</b>
<b>TOTAL EXPENDITURES</b>		<b>1,738.61</b>	<b>16,514.25</b>	<b>\$179,528,202</b>	<b>\$184,296,254</b>
<b>Other Financial (Sources) Uses</b> (includes athletic subsidy)	<b>4xx - 6xx</b>	<b>0.00</b>	<b>0.00</b>	<b>\$2,529,508</b>	<b>\$2,910,746</b>
<b>TOTAL EXPENDITURES &amp; OTHER FIN.</b>		<b>1,738.61</b>	<b>16,514.25</b>	<b>\$182,057,710</b>	<b>\$187,207,000</b>
<b>11/12 Additions: Step, fringes, FICA, Retirement, WAY, ECA, IB</b>					<b>\$8,750,000</b>
<b>11/12 Budget Reductions: Budget Reduction Plan</b>					<b>(\$12,342,000)</b>
<b>TOTAL EXPENDITURE BUDGET</b>					<b>\$183,615,000</b>

The above totals are subject to change based on increase/decrease in staffing, pupil count, approved budget reductions, other budget adjustments in 2011/12 and any State reductions/additions.

\* FTEs excluding vacancies, based on May 2, 2011 Salary Analysis



**OTHER FUNDS**



## BUDGET RESOLUTIONS (OTHER FUNDS)

The Board of Education, in accordance with Public Act 621, an act to make appropriations, shall approve the expenditure of the appropriations and provide for the disposition of all income received by the department/financial institution. In accordance with this act, you will find 2011/12 budget resolutions and budget details in this section for various funds other than General Fund.

<u>FUND</u>	<u>BUDGET</u>	<u>BUDGET MANAGER</u>
Capital Needs Fund*	\$ 100,000	Randy Trent
Sinking Fund (estimated)**	\$14,900,000	Randy Trent
Debt Service Fund	\$15,872,962	Robert Allen
Food Service Fund	\$ 4,544,864	Robert Allen
Recreation and Community Services Fund	<u>\$ 8,542,660</u>	Sara Aeschbach
<b>TOTAL – OTHER FUNDS</b>	<b>\$ 43,960,486</b>	

\*Name changed to comply with audit recommendation (previously Building & Site – Two Mill Fund).

\*\*Includes carryover from 2002 and 2005 Sinking Funds.



<b>CAPITAL NEEDS FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT</b>
---

***RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION  
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR***

**RESOLVED**, that this resolution shall be the General Appropriations Act of the **Capital Needs Fund** of the Public Schools of the City of Ann Arbor for the fiscal year 2011/12.

**AN ACT** to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the **Capital Needs Fund** of the Public Schools of the City of Ann Arbor.

**BE IT FURTHER RESOLVED**, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the **Capital Needs Fund** of the Public Schools of the City of Ann Arbor for the fiscal year 2011/12 is as follows:

<b><u>Revenue</u></b>	
Incoming Transfers & Other Transactions	\$ 100,000
<b><u>Total Revenue</u></b>	<b>\$ 100,000</b>
UNDESIGNATED FUND BALANCE, JULY 1 (Est.)	\$-0-
<b>TOTAL Available to Appropriate</b>	<b>\$100,000</b>
<b>TOTAL</b>	<b>\$100,000</b>

**BE IT FURTHER RESOLVED** that **\$100,000** is hereby appropriated for the purposes set forth below:

<b><u>Expenditures</u></b>	
Capital Outlay/Non-salary	<u>\$100,000</u>
<b><u>Total Expenditures</u></b>	<b>\$100,000</b>

**BE IT FURTHER RESOLVED**, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**BE IT FURTHER RESOLVED**, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Operations, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Operations make a transfer of appropriations as permitted by this resolution, such transfer shall

**CAPITAL NEEDS FUND  
PUBLIC SCHOOLS  
GENERAL APPROPRIATIONS ACT**

be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

**BE IT FURTHER RESOLVED**, that the Superintendent and Deputy Superintendent for Operations are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

**This act is to take effect on July 1, 2011.**

---

On the motion of Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_, the above Resolution was presented to the Board of Education.

AYES: \_\_\_\_\_ NAYES: \_\_\_\_\_ ABSENT: \_\_\_\_\_

**RESOLUTION DECLARED:** \_\_\_\_\_

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on June 8, 2011, at the Public Library, Ann Arbor, Michigan.

**DATE:** \_\_\_\_\_

**CITY OF ANN ARBOR**

**COUNTY OF WASHTENAW, STATE OF MICHIGAN**

\_\_\_\_\_  
**NOTARY**

**Capital Needs Fund  
Proposed Budget Allocations  
FY 2011/12**

<b>Facilities and Systems:</b>	<b>FY10/11</b>
Environmental	\$0
Mechanical and Electrical	\$0
Contingency for Building Emergencies/Safety/ADA	\$100,000
<b>Total Proposed Facilities and Systems Budget Allocation</b>	<b>\$100,000</b>

<b>SINKING FUND PUBLIC SCHOOLS GENERAL APPROPRIATIONS ACT</b>
---

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION  
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR**

**RESOLVED**, that this resolution shall be the General Appropriations Act of the Sinking Fund of the Public Schools of the City of Ann Arbor for the fiscal year **2011/12**.

**AN ACT** to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the Sinking Fund of the Public Schools of the City of Ann Arbor.

**BE IT FURTHER RESOLVED**, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the Sinking Fund of the Public Schools of the City of Ann Arbor for the fiscal year **2011/12** is as follows:

**Revenue**

Revenue from Sinking Fund Property Tax (2010)	\$ 7,300,000
Fund Balance from 2002 Sinking Fund	100,000
Fund Balance from 2005 Sinking Fund	<u>7,500,000</u>
	<b>\$14,900,000</b>

**BE IT FURTHER RESOLVED** that \$14,900,000 of the total revenue available to appropriate in the Sinking Fund is hereby appropriated in the amounts and for the purposes set forth below:

**Expenditures**

Sinking Fund Projects 2010	\$ 7,300,000
Sinking Fund Projects 2005	\$ 7,500,000
Sinking Fund Projects 2002	<u>\$ 100,000</u>
	<b>\$14,900,000</b>

Note: Total revenues include all income generated for operational purposes by an ad valorem property tax levy of 1.0000 mills for homestead and qualified agricultural property and non-homestead property for the Public Schools of the City of Ann Arbor. The 2011 estimated taxable value, after TIF capture, is \$4,418,360,910 and \$2,965,251,136 for homestead and non-homestead property, respectively. The estimated revenue earned from the combined property tax revenue will be \$7,383,612.

**BE IT FURTHER RESOLVED**, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**SINKING FUND  
PUBLIC SCHOOLS  
GENERAL APPROPRIATIONS ACT**

**BE IT FURTHER RESOLVED**, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Operations, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Operations make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

**BE IT FURTHER RESOLVED**, that the Superintendent and Deputy Superintendent for Operations are hereby charged with general supervision of the execution of the budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

**This act is to take effect on July 1, 2011.**

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On the motion of Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_, the above Resolution was presented to the Board of Education.

AYES: \_\_\_\_\_ NAYES: \_\_\_\_\_ ABSENT: \_\_\_\_\_

**RESOLUTION DECLARED:** \_\_\_\_\_

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on June 8, 2011 at the Public Library, Ann Arbor, Michigan.

**DATE:** \_\_\_\_\_

**CITY OF ANN ARBOR**

**COUNTY OF WASHTENAW, STATE OF MICHIGAN**

\_\_\_\_\_  
**NOTARY**

<b>DEBT SERVICE FUND</b> <b>PUBLIC SCHOOLS</b> <b>GENERAL APPROPRIATIONS ACT</b>
--

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION  
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR**

**RESOLVED**, that this resolution shall be the General Appropriations Act of the Debt Service Fund the Public Schools of the City of Ann Arbor for the fiscal year 2011/12.

**AN ACT** to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the Debt Service Fund of the Public Schools of the City of Ann Arbor.

**BE IT FURTHER RESOLVED**, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the Debt Service Fund of the Public Schools of the City of Ann Arbor for the fiscal year 2011/12 is as follows:

<u>Revenue</u>	<u>\$ 15,872,962</u>
 <u>Total Revenue</u>	 <u>\$ 15,872,962</u>

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**BE IT FURTHER RESOLVED** that \$15,872,962 of the total revenue available to appropriate in the Debt Service Fund is hereby appropriated in the amounts and for the purposes set forth below:

**Expenditures**

Redemption of Principal	\$ 7,370,000
Interest/Agent's Fee	<u>\$ 8,502,962</u>
<b>Total</b>	<b>\$ 15,872,962</b>

**BE IT FURTHER RESOLVED**, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**BE IT FURTHER RESOLVED**, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Operations, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Operations makes a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

**DEBT SERVICE FUND  
PUBLIC SCHOOLS  
GENERAL APPROPRIATIONS ACT**

**BE IT FURTHER RESOLVED**, that the Superintendent and Deputy Superintendent for Operations are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

**This act is to take effect on July 1, 2011.**

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On the motion of Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_, the above Resolution was presented to the Board of Education.

**AYES:** \_\_\_\_\_ **NAYES:** \_\_\_\_\_ **ABSENT:** \_\_\_\_\_

**RESOLUTION DECLARED:** \_\_\_\_\_

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on June 8, 2011 at the Public Library, Ann Arbor, Michigan.

**DATE:** \_\_\_\_\_

**CITY OF ANN ARBOR**

**COUNTY OF WASHTENAW, STATE OF MICHIGAN**

\_\_\_\_\_  
**NOTARY**

**FOOD SERVICE FUND  
PUBLIC SCHOOLS  
GENERAL APPROPRIATIONS ACT**

*RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION  
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR*

**RESOLVED**, that this resolution shall be the General Appropriations Act of the **Food Service Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2011/12**.

**AN ACT** to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the **Food Service Fund** of the Public Schools of the City of Ann Arbor.

**BE IT FURTHER RESOLVED**, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the **Food Service Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2011/12** is as follows:

<b><u>Revenue</u></b>	
Local	\$3,023,092
State	125,413
Federal	1,899,319
Incoming Transfers & Other Transactions	<u>-0-</u>
<b><u>Total Revenue to appropriate</u></b>	<b>\$5,047,824</b>

**BE IT FURTHER RESOLVED** that **\$5,047,824** of the total revenue available to appropriate in the **Food Service Fund** is hereby appropriated in the amounts and for the purposes set forth below:

<b><u>Expenditures</u></b>	
Salaries	\$1,348,679
Employee Benefits	467,070
Non -Salary Items	<u>2,729,115</u>
<b><u>Total Appropriated</u></b>	<b>\$4,544,864</b>

**BE IT FURTHER RESOLVED**, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**BE IT FURTHER RESOLVED**, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Operations, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Operations make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an

**FOOD SERVICE FUND  
PUBLIC SCHOOLS  
GENERAL APPROPRIATIONS ACT**

appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

**BE IT FURTHER RESOLVED**, that the Superintendent and Deputy Superintendent for Operations are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

This act is to take effect on July 1, 2011.

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On the motion of Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_, the above Resolution was presented to the Board of Education.

**AYES:** \_\_\_\_\_ **NAYS:** \_\_\_\_\_ **ABSENT:** \_\_\_\_\_

**RESOLUTION DECLARED:** \_\_\_\_\_

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on June 8, 2011 at the Public Library, Ann Arbor, Michigan.

---

**DATE:** \_\_\_\_\_  
**CITY OF ANN ARBOR, COUNTY OF WASHTENAW**  
**STATE OF MICHIGAN**

---

**NOTARY**

**RECREATION AND COMMUNITY SERVICES FUND  
PUBLIC SCHOOLS  
GENERAL APPROPRIATIONS ACT**

*RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION  
OF THE PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR*

**RESOLVED**, that this resolution shall be the General Appropriations Act of the **Recreation and Community Services Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2011/12**.

**AN ACT** to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by the **Recreation and Community Services Fund** of the Public Schools of the City of Ann Arbor.

**BE IT FURTHER RESOLVED**, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the **Recreation and Community Services Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2011/12**:

Revenue	Rec & Ed	EDO/PreSch./SACC	Total
Local	\$5,219,531	\$3,230,129	\$8,449,660
State	\$0	\$0	\$0
Other State	\$0	\$0	\$0
Federal	\$0	\$0	\$0
Fund Equity	\$75,000	\$0	\$75,000
<b>Total Revenue</b>	<b>\$5,294,531</b>	<b>\$3,230,129</b>	<b>\$8,524,660</b>

**BE IT FURTHER RESOLVED** that **\$8,524,660** of the total revenue available to appropriate in the **Recreation and Community Services Fund** is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	Rec & Ed	EDO/PreSch./SACC	Total
Salaries	\$2,169,648	\$1,878,700	\$4,048,348
Employee Benefits	\$814,358	\$1,067,496	\$1,881,854
Purchased Services	\$1,586,968	\$115,750	\$1,702,718
Supplies & Materials	\$280,750	\$168,183	\$448,933
Capital Outlay	\$150,600	\$0	\$150,600
Other Expenses	\$292,207	\$0	\$292,207
<b>Total Expenditures</b>	<b>\$5,294,531</b>	<b>\$3,230,129</b>	<b>\$8,524,660</b>

**BE IT FURTHER RESOLVED**, that no Board of Education member or employec of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

**RECREATION AND COMMUNITY SERVICES FUND  
PUBLIC SCHOOLS  
GENERAL APPROPRIATIONS ACT**

**BE IT FURTHER RESOLVED**, that, for purposes of meeting the needs of the school district, transfers of appropriations may be made upon the written authorization of the Superintendent or Deputy Superintendent for Operations, not to exceed \$100,000 for any one transfer without approval by the Board of Education. When the Superintendent and Deputy Superintendent for Operations make a transfer of appropriations as permitted by this resolution, such transfer shall be presented to the Board of Education at its normally scheduled quarterly financial presentation in the form of an appropriations act amendment, which amendment shall be adopted by the Board of Education at such meeting.

**BE IT FURTHER RESOLVED**, that the Superintendent and Deputy Superintendent for Operations are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

**This act is to take effect on July 1, 2011.**

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On the motion of Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_, the above Resolution was presented to the Board of Education.

**AYES:** \_\_\_\_\_ **NAYS:** \_\_\_\_\_ **ABSENT:** \_\_\_\_\_

**RESOLUTION DECLARED:** \_\_\_\_\_

I, the undersigned, Secretary of the Board of Education of the Public Schools of the City of Ann Arbor, do certify that the foregoing is a conforming copy of the Resolution adopted by the said Board of Education at a regular meeting on June 8, 2011 at the Public Library, Ann Arbor, Michigan.

\_\_\_\_\_  
**DATE:** \_\_\_\_\_  
**CITY OF ANN ARBOR, COUNTY OF WASHTENAW  
STATE OF MICHIGAN**

\_\_\_\_\_  
**NOTARY**

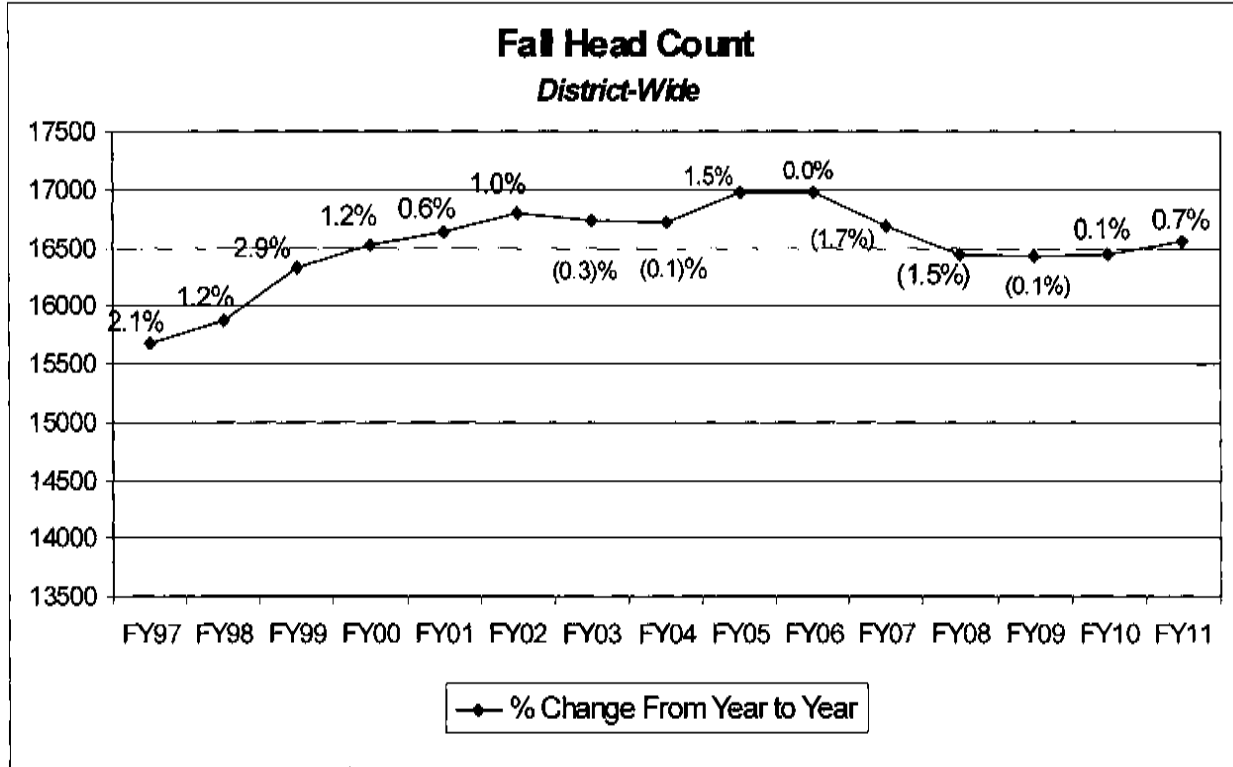


**SUPPLEMENTAL INFORMATION**



# **ENROLLMENT ANALYSIS**

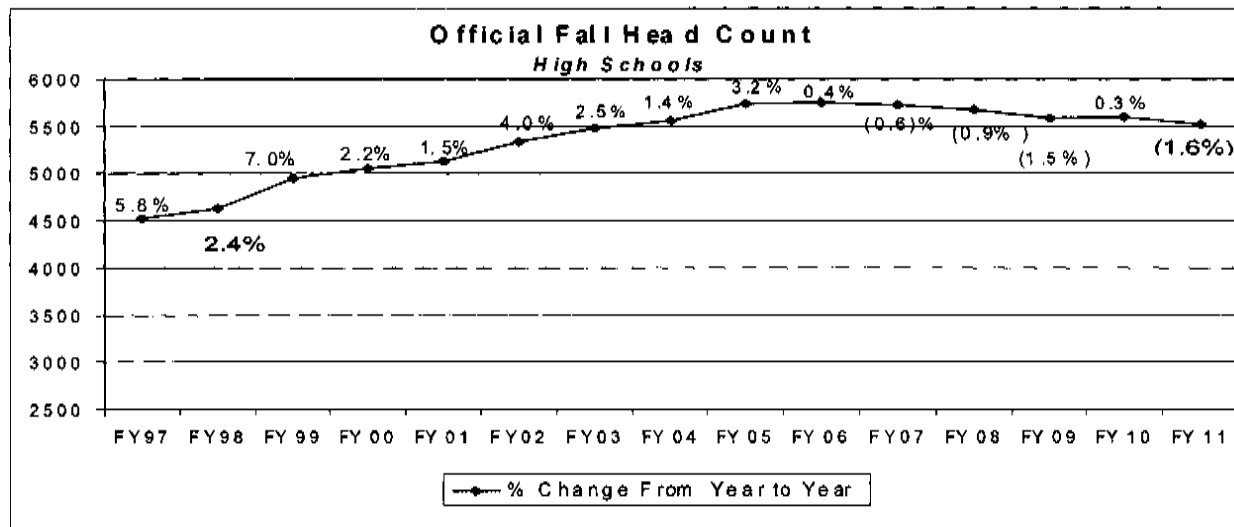
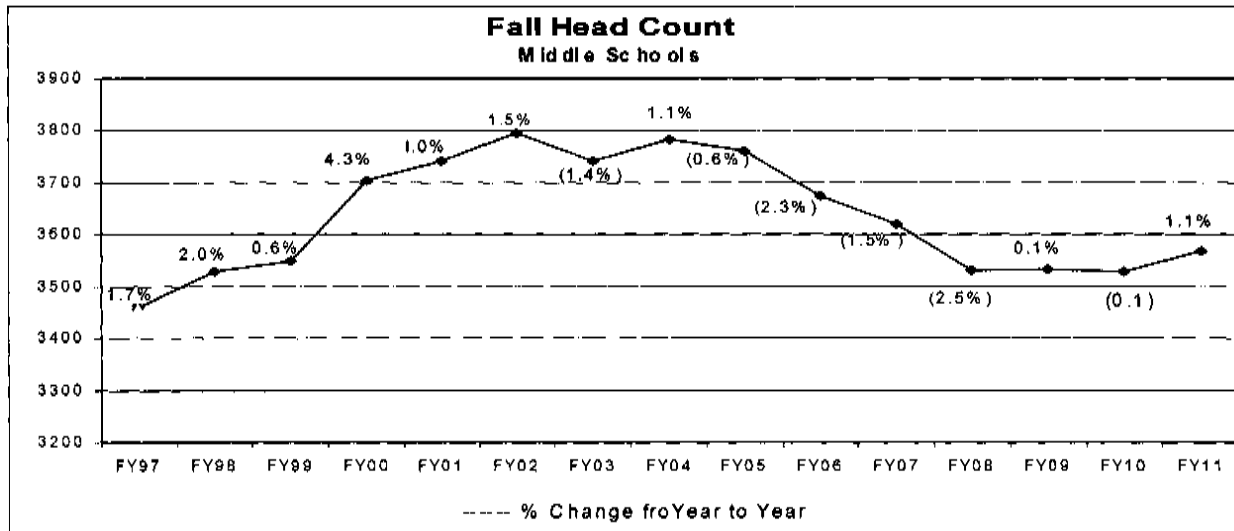
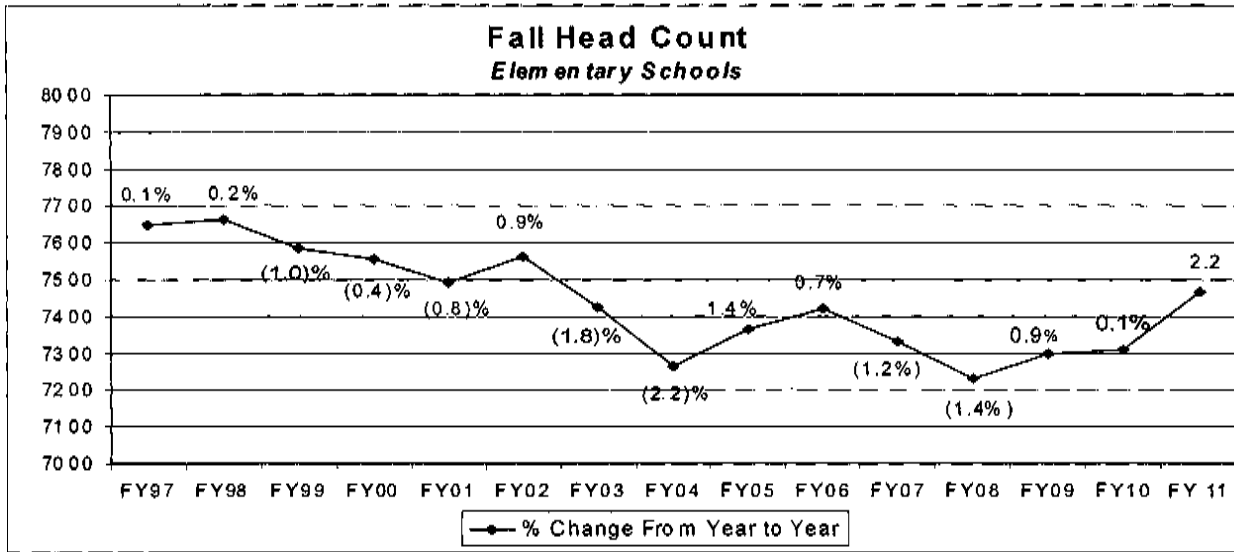
# Fall Head Count



After experiencing declining enrollment for 2 years with the closing of the Pfizer facility, the trend has leveled off overall. AAPS offered “Schools of Choice” in grades K, 1 and 6 for 2010/11. This contributed to the increased enrollment at the elementary level. Although there was some decline at the high school level, it was offset by the increase at elementary and middle school.

The district will open 170 “Schools of Choice” spaces for the 2011/12 school year.

# Fall Head Count



## *AAPS Historical Student Count*

	Spring FTE (Feb. FTE)	Fall FTE (Sept. FTE)	Fall/Spring Blend Difference	Blend Ratio	Blended FTE *	Adjusted Blend (25/75)	Annual Increase	Fall Head Count
FY95	14,689	15,076	387	50/50	14,883	14,979	---	% 15,130
FY96	15,035	15,233	198	50/50	15,134	15,184	1.36	% 15,368
FY97	15,088	15,568	480	50/50	15,328	15,448	1.74	% 15,680
FY98	15,320	15,802	482	40/60	15,609	15,682	1.51	% 15,874
FY99	15,817	16,276	459	40/60	16,092	16,161	3.06	% 16,330
FY00	16,112	16,435	323	25/75	16,354	16,354	1.19	% 16,530
FY01	16,336	16,539	203	20/80	16,498	16,488	0.82	% 16,637
FY02	16,354	16,705	351	20/80	16,635	16,617	0.78	% 16,797
FY03	16,623	16,680	57	20/80	16,669	16,666	0.29	% 16,743
FY04	16,522	16,662	140	20/80	16,634	16,627	(0.23)	% 16,724
FY05	16,590	16,892	302	25/75	16,817	16,817	1.14	% 16,980
FY06	16,718	16,897	179	25/75	16,852	16,852	0.21	% 16,974
FY07	16,806	16,705	101	25/75	16,730	16,730	(0.72)	% 16,762
FY08	16,605	16,488	117	25/75	16,517	16,517	(1.27)	% 16,559
FY09	16,422	16,444	22	25/75	16,439	16,439	(.47)	% 16,421
FY10	16,315	16,471	156	25/75	16,432	16,432	(.043)	% 16,440
FY11	16,459	16,606	147	25/75	16,569	16,569	.83%	16,552

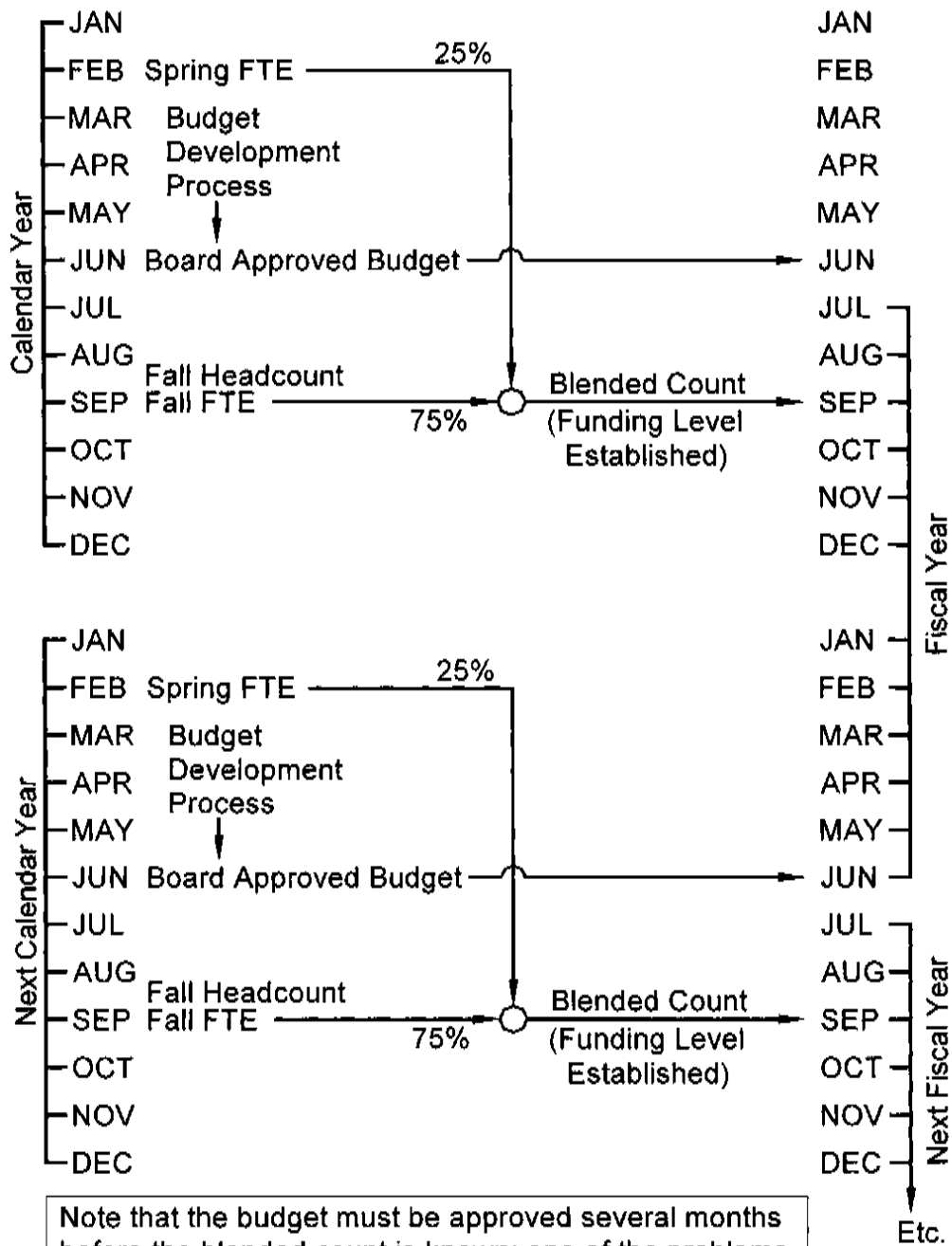
Figures based on audited count – figures may change pending final state aid status report adjustments.

Although it is important to analyze the fall headcount at the various levels (Elementary, Middle School, High School) the State per-pupil funding is based on the district-wide blended FTE count.

The chart above converts the Spring/Fall FTE count into a blended count which is used for calculating the district revenue. As shown in the chart, the blend ratio has changed over the years. For comparison purposes, all blended counts have been converted to the current 25/75 blend. This allows for a more useful comparison of the actual annual percent student increase, not distorted by the changing blend formula.



## Ann Arbor Public Schools How Blended-Count-Based Formula Funding Works



Note that the budget must be approved several months before the blended count is known; one of the problems created by the new funding structure.

O.D. Lapp, 3/5/05



## **FREQUENTLY ASKED QUESTIONS**



# FREQUENTLY ASKED QUESTIONS ABOUT FUNDING FOR ANN ARBOR PUBLIC SCHOOLS

**1. How did Proposal A change funding for public schools in Michigan?**

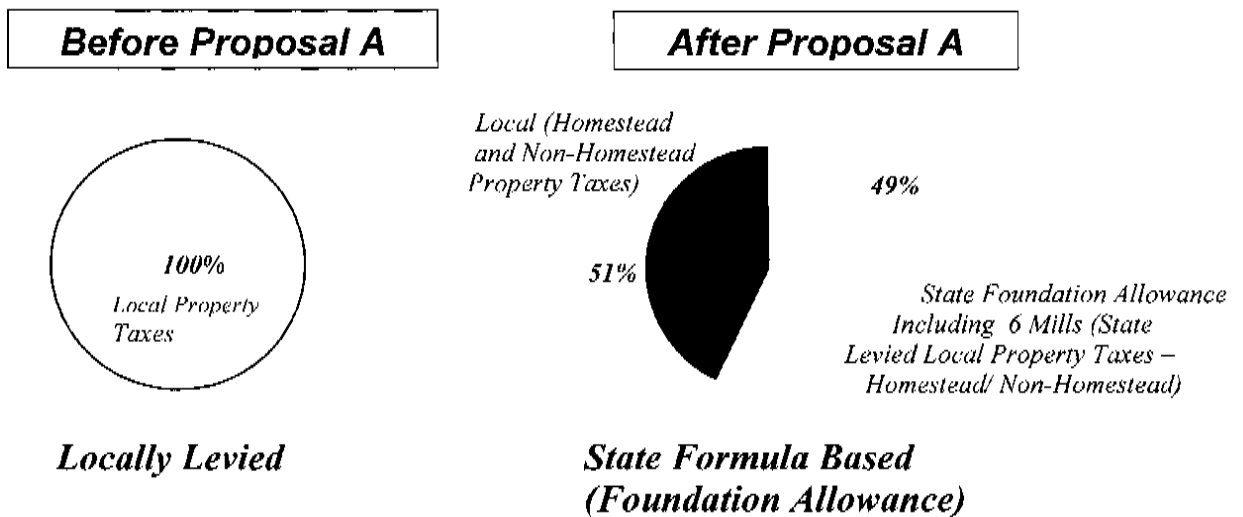
Proposal A was designed to provide tax relief to property owners while distributing public school funds more equitably in order to close the "revenue gap" among Michigan school districts. Under Proposal A, the state — rather than the local taxpayers — determines the amount of revenue available to public schools each year.

**2. What percentage of our foundation revenue (per pupil funding) comes from the state?**

Prior to Proposal A, general fund revenue for school operation was generated primarily from local millage approved by local taxpayers. Since Proposal A, total state sources account for approximately 49% of our foundation allowance revenue.

**3. What has been the effect of Proposal A?**

- Lower property taxes
- Shift funding from locally controlled and generated taxes to state funds (some of which, in turn, are recycled local property taxes)



**4. *What impact has Proposal A had on public school revenue?***

For higher spending districts, growth in revenue has steadily trailed inflation since Proposal A and local districts are prevented from asking taxpayers for additional millage. As a result, districts like Ann Arbor have had to reduce spending and find ways to do business differently in order to keep pace with rising costs, caps on inflation, program commitments and emerging needs.

**5. *Why don't we ask local taxpayers to approve additional operating millage?***

This is not possible following Proposal A. We cannot vote for additional operating funds beyond the hold harmless millage. We do retain the ability to approve bonds and /or sinking fund for capital improvements. For example, the 2004 bond was approved by the voters specifically for construction, renovation, technology, furnishings, buses and musical instruments. These funds are not part of the operating budget.

**6. *Why do we assess the maximum allowable millage?***

The foundation allowance is funded from a combination of state aid and local property tax revenue. In order to receive the full foundation allowance, we must levy local school operating millage on non-homestead property of 18 mills. The Ann Arbor Public Schools has been assessing the maximum amount allowed since FY 94-95. The district has also been assessing additional millages known as hold harmless or supplemental millages to fund the foundation guarantee.

**7. *What do we mean by foundation allowance?***

Since the passage of Proposal A, Ann Arbor Public Schools receives approximately 90% of its operating funds from the State through a per-pupil funding termed the foundation allowance. The foundation allowance has two parts: guaranteed and discretionary.

The guaranteed foundation allowance for AAPS is \$7,734 which is the amount AAPS received the first year Proposal A became effective. It represents the amount the State must pay AAPS.

The discretionary payment is the additional per pupil revenue above the \$7,734.

For Fiscal Year 2011/12, AAPS expects to receive \$9,020 per pupil (subject to proration). This per pupil allocation is then multiplied by a blended count of the number of students to determine the state foundation funding for the current year. (The weighted average is calculated from a blend of the February and September counts in the same calendar year for FY 2011/12, a sum of 25% of the February count and 75% of the September count.)

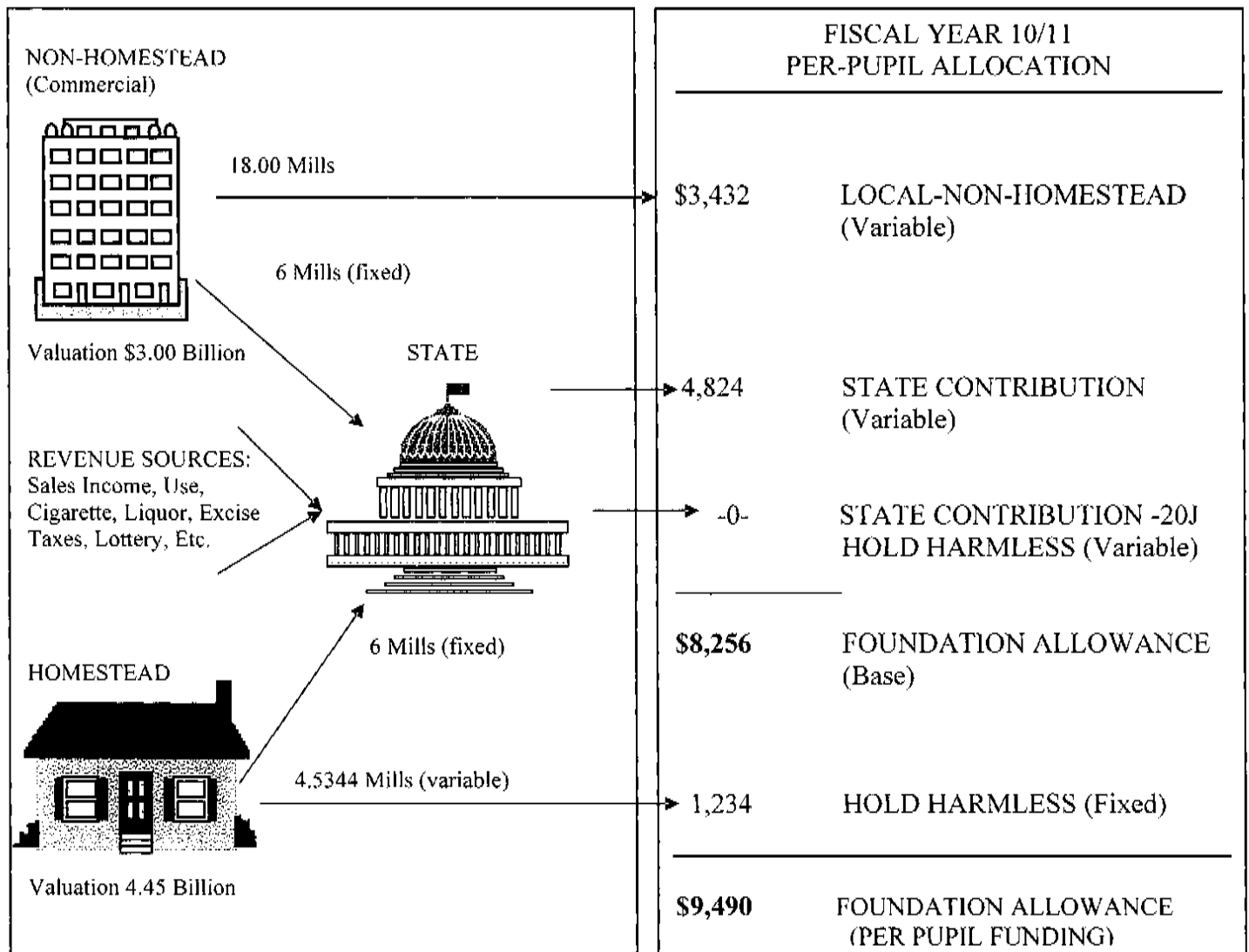
**8. What are the sources used to make up the School Aid Fund?**

<u>SOURCE</u>	<u>AMOUNT USED</u>
Sales Tax	60% of proceeds at a 4% tax rate and 100% of revenue from the additional 2% tax rate, which is 73.3% of total sales tax revenue.
Use Tax	All revenue from the 2% tax rate increase.
State Education Property Tax	All revenue from statewide 6-mill property tax.
Real Estate Transfer Tax	All revenue from 0.75% tax.
Income Tax	23.0% of gross collections before refunds at a tax rate of 4.4%.
Cigarette Tax	63.4% of proceeds from the 75 cents per pack tax.
Other Tobacco Products	94% of the tax (16% of the wholesale price) on cigars, non-cigarette smoking tobacco, and smokeless tobacco.
Lottery	Net Revenue.
Industrial and Commercial	The school district share goes to the School Aid
Facilities Tax	Fund except for the amount (if any) attributable to "hold harmless" millage levied by the school district.
Commercial Forest	The school district share goes to the School Aid Fund except for the amount (if any) attributable to "hold harmless" millage levied by the school district.
Liquor Excise Tax	Revenue from 4% excise tax.
Other Specific Taxes	The local school district portion of other specific taxes such as Iron Ore, Enterprise Zone, etc., now goes to the School Aid Fund.

Source: The 1997 Statistical Report, published by the Senate Fiscal Agency.

# How is the per pupil foundation allowance calculated?

## Building a Foundation Allowance



## Explanation of factors in the foundation allowance:

The per pupil foundation allowance consists of the following:

- Non-homestead (local commercial property) fixed 18 mills or approximately \$3,432 per pupil (this is a variable rate and is subject to change).
- State contribution of approximately \$4,824 per pupil (this amount is variable and is subject to change). Revenue sources include state education property tax, sales, income, use, cigarette, liquor and excise taxes, lottery, etc.
- State contribution of \$0 (20j Hold Harmless) per pupil – legislation which allowed districts to receive revenue in FY 2001 and FY 2002 greater than the Consumer Price Index (CPI). This 20j categorical was eliminated in FY 2009/10. Prior to 2010 the state contribution (20j) was \$233 per pupil.
- Foundation allowance (base) for the 2010/11 fiscal year is \$8,256 per pupil. Included in the \$8,256 is a fixed amount of \$1,591 per pupil for districts like Ann Arbor. This is referred to as state supplemental revenue and subject to change.
- In addition to the base foundation allowance, the Ann Arbor School District is allowed a local hold harmless millage based on a *fixed* amount of \$1,234 per pupil. (This is a locally voted millage necessary to maintain the level of funding for districts that raise more than \$6,500 per pupil prior to Proposal A). The millage necessary to generate the \$1,234 per pupil is influenced by taxable valuation and student enrollment. For example, a percentage raise in the student count will result in a corresponding increase in the mill levy. Conversely, a percentage increase in the property valuation will result in a corresponding decrease in the mill levy.
- It should be noted that according to the State Aid status report, the guaranteed foundation allowance for AAPS is \$7,734 which is the amount AAPS received the first year Proposal A became effective. It represents the amount the State must pay the Ann Arbor Public Schools. The amount above the \$7,734 is considered discretionary funding and subject to change.

# **STAFFING & ADMINISTRATIVE COSTS**

## ***How much do we spend on salaries and benefits?***

Staffing is a key element to quality in any school district. In most school districts, personnel costs (salaries and benefits) account for about 88-90% of the budget. The chart below shows the percentage allocated over a ten-year period for these costs:

<b>FISCAL YEAR</b>	<b>SALARY</b>	<b>BENEFITS</b>	<b>TOTAL</b>
10/11	59%	29%	88%
09/10	60%	27%	87%
08/09	61%	27%	88%
07/08	61%	27%	88%
06/07	63%	27%	90%
05/06	64%	26%	90%
04/05	64%	26%	90%
03/04	64%	25%	89%
02/03	65%	24%	89%
01/02	66%	23%	89%
00/01	66%	23%	89%
99/00	66%	23%	89%
98/99	60%	20%	88%
97/98	67%	21%	88%
96/97	65%	24%	89%
95/96	64%	24%	88%

**Note:**

*Changes in retirement can have considerable budgetary impact*

## ***How much does the district spend for each employee group?***

(% vs. Total Employment Cost)

	<u>FY 10/11</u>
Teachers	71.50%
Central Administrators	1.60%
Building Administrators & Other Directors	4.60%
Supervisors/Coordinators	.50%
Other Support Staff/Hourly	21.80%



### **Definitions:**

- Teachers:** Classroom teachers, counselors, librarians, teacher consultants, music, P.E., art teachers, social workers, psychologists, speech therapists.
- Central Administrators:** Superintendent, deputy superintendents, executive directors, other cabinet members, and Class 3 non-bargaining directors and supervisors.
- Building Administrators:** Directors, principals, assistant principals and class principals.
- Supervisors/Coordinators:** Staff who perform day-to-day detail supervision and/or coordination of tasks in their respective departments and/or schools. Includes curriculum coordinators for elementary and secondary schools. Also included are Business Services, Human Resource Services and Community Services supervisors.
- Other Support Staff:** Secretaries, custodians, maintenance staff, teacher assistants, bus drivers, monitors, community assistants, technical assistants, technical specialists hourly employees, executive secretaries, and crew chiefs. (Class 9 moved to "Other Support Staff" from Supervisors/Coordinators).

## ***DESCRIPTION OF DISTRICT FUNDS***

### ***Does the district have special funds for special purposes other than those to operate the schools?***

In addition to the **General Fund**, which is the general operating fund of the school district, there are a number of other funds which are required by law. These funds are called Special Revenue Fund, Debt Funds, Sinking Funds, Capital Projects Funds and Fiduciary Funds which are described below. They are restricted to expenditures for specified purposes.

- **Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources other than Fiduciary Funds and major capital projects funds or special revenue funds including the following::

**School Service Fund** – This fund is used to account for the operation of a school district's food service program. Receipts come from school lunch food sales, adult lunches, catering service.

**Community and Services Funds** – The Community Services Funds are used to account for the operations of the Recreation and the Child Care programs, which include School Age Child Care, Tuition Pre-School, and Extended Day Options.

- **Debt Service Funds** - These funds are for bonds issued by the school district. The funds are set up to keep track of all deposits and to record the payment of bond principal, interest and payment of agent fees.
- **Sinking Fund** - This fund accounts for a special millage approved by the voters to address district-wide infrastructure needs. The fund is established to provide for the expenditure of appropriations and for the disposition of all income received (following State guidelines and Board approval of projects.)
- **Capital Projects Funds** - These funds are used to account for the district's land acquisition and construction of buildings and major equipment purchases.
- **Fiduciary Funds** - These funds are established for a variety of activities for which the district is custodian of the monies.

**Student Activities** - The district acts as the custodian of funds for monies raised by student groups (such as German club, ski club, history club, band camp, forensics, etc.) from bake sales, car washes, magazine sales, and other forms of fund raising activities.

**Scholarships** - The Scholarship Trust Fund is used to account for donated funds which will be awarded to students or awarded to support student learning.

# RECURRING vs. ONE-TIME FUNDS

## What is meant by recurring vs. one-time funds?

### *Examples of Recurring vs. One-Time Funds*

#### Recurring (*but variable*)

- Foundation Allowance
- Blended Count
- Special Ed Categorical
- Interest Income

#### One-Time

- Medicaid Reimbursement
- Insurance Settlement
- Undesignated Fund  
Balance

#### Rule of thumb...

- Use *recurring* funds to cover recurring expenses, e.g., salaries
- Use *one-time* funds to cover one-time expenses, such as the *substitute teacher litigation*

It is very important to consider the difference between what we term "recurring" and what we term "one-time" funds. An increase in *recurring* funds is like a raise in salary — it adds to the base and continues indefinitely into the future. *One-time* funds are like a bonus — they do not add or build to the base and they do not repeat.

We need to keep in mind the distinction between one-time and recurring funds. Good practice is to exclusively use recurring funds to establish levels of recurring expenses, and to use one-time money to support one-time expenses.

Consider what happens if we don't follow this rule, for example: if we build recurring, costs, e.g., salary expenses, around one-time funds, then when those funds are depleted, we will be forced to make large cuts to resolve the revenue short-fall.

It is possible to increase recurring fund levels using one-time money. We can accomplish this by carefully reserving the one-time funds and spend only the interest accrued from those funds. Thus, we have converted one-time money into recurring capital. The challenge, however, is that this requires discipline. When we have a cash balance there is always the pressure to utilize those funds.

**DISTRICT FUND EQUITY**  
**(Cash Reserve)**

## **History and Background Information Regarding the Fund Equity**

Prior to Proposal A, School districts were locally funded. In Ann Arbor, the public schools were collecting approximately 50% of annual revenue at the beginning of the fiscal year (referred to as the summer tax collection). The other 50% was collected half way through the district's fiscal year (referred to as the winter tax collection). This schedule for revenue collection provided the district with a steady cash flow, without the need for maintaining a large fund equity. In those years, the primary purpose of the fund equity was as a safety reserve to provide for unforeseen circumstances.

In the early years of Proposal A, the State assumed the responsibility for adjusting the cash flow to approximate the pre-Proposal A revenue collection schedule from local property taxes. This was done through a transitional payment system, utilizing a State fund called the Budget Stabilization Fund (BSF).

In 1998, following the Durant settlement, the State spent the Budget Stabilization Funds to pay the litigant districts (including Ann Arbor) the awarded settlement for the Durant litigation. Since the BSF funds were exhausted, that ended the transitional payments. The State Aid payment schedule changed from 9 payments plus the transitional payments to 11 payments, with two of those payments delayed into the district's next fiscal year. The delayed payments in the new schedule left local districts with a significant cash flow problem. The result was that districts would either have to borrow funds during the year or increase their fund equity.

The Ann Arbor Board of Education made the fiscally responsible decision to change board policy, increasing the fund equity target from 1/12 to 15% of the annual general fund operating budget. This was done both in anticipation of the change in the payment schedule and in response to the growing uncertainty due to the structure of school funding under Proposal A. The new reality is that local district funding has moved from the relative stability and predictability of local property taxes to considerably less stable and secure State sources.

Many of the litigant districts had the luxury of being able to retain their Durant settlement monies to provide for their district cash flow needs. Unfortunately, AAPS needed to utilize those funds to help pay for the substitute teacher litigation settlement.

Today, AAPS is in better shape than many districts because we positioned ourselves in anticipation of the State fiscal problems we are now experiencing. This is similar to the actions taken by the District in the late 1990's to position the district to address the early effects of Proposal A (to keep cuts from the classroom as long as possible) and in response to the considerable cost exposure from the substitute teacher lawsuit.

# **FREQUENTLY ASKED QUESTIONS ABOUT DISTRICT FUND EQUITY (CASH RESERVE)**

## **1. What is fund equity?**

Fund equity (cash reserves) is the district's savings account. There are actually three kinds of fund equity: reserved, designated and undesignated. Reserved and designated fund equity are used to cover expenses that have already been identified or will occur shortly after the fiscal year ends, but have not yet been paid. Undesignated fund equity is cash on hand not earmarked for a specific expense.

## **2. Why is it important to have money in fund equity?**

Fund equity is important for a number of reasons. We pay our bills – including employee salaries – 12 months of the year. Unfortunately, the State of Michigan does not pay us in such a regular fashion. Every July and August, we spend money that the State has not yet given us. We use fund equity to cover the shortfall until we receive payment from the State. Another important reason to maintain fund equity is to cover unforeseen emergencies. One of the ways that we were able to pay off \$30 million in the substitute litigation without catastrophic consequences to the district was because we had carefully reserved a significant amount of money in the preceding years leading up to the final settlement. Finally, interest earned on fund equity is a source of recurring revenue to the district.

## **3. How much should we set aside for fund equity?**

It is our long-term goal to have an amount equal to 15% (which includes the equivalent of two month's average expenses) of our annual operating budget in fund equity. Given our current budget, that comes to approximately \$27 million in fund equity. As a point of reference, the district spends on average \$15 million per month.

## **4. Isn't that a lot?**

Our external auditors consider 15% to be a reasonable and prudent amount to set aside. Some school districts have more, a few have less. However, many districts who have less than two months surplus borrow money throughout the year in order to meet payroll.

## **5. Why is maintaining fund equity a priority item at this time?**

We are very concerned about the long-range economic outlook. Since Proposal A was passed in 1994, we cannot levy local taxes to fund our schools. Approximately 90% of our funding is derived from a formula and comes via the State of Michigan, based on sales tax revenues, property taxes and other sources of revenue. As Michigan and the rest of the country struggle with unemployment and the recession, our state government has faced increasing pressure to cut school funding. We believe that any well-funded, hold-harmless districts like Ann Arbor are especially at risk. In addition, current worldwide uncertainty is a factor in our decision to make accumulating fund equity a priority item. As uncertainty grows, it makes sense to have a bigger insurance policy.



**2010/11 GRANTS**



## FY 2010/11 Grants

### How can the school district staff help to generate revenues for the school district?

*A teacher, principal or support staff can write grant proposals and/or apply for grants in order to implement a school program or project that they believe will make a difference to a group of students or a targeted population of students. The school district's grants office provides technical assistance (cost identification) to staff who are interested in writing grant proposals for projects. A list of grant programs we will receive (or have received) in 2010/11 along with a description of each program is listed below.*

<i>Description</i>	<i>Award</i>
Title I - AAPS: Federal funds to help disadvantaged students meet high standards by providing instructional services to eligible K-8 graders in reading, writing, science, math and social studies; provides parental involvement support; instructional support for homeless students who attend AAPS. Total includes PNP services as well. Total includes carryover funds from 2009/10.	\$2,524,220
American Recovery & Reinvestment Act (ARRA) Title I – AAPS: Federal funds to help disadvantage students meet high standards by providing instructional services to eligible K-8 graders in reading, writing, science, math and social studies; provides parental involvement support. Preschool Teacher due to shortage GSRP funding & Preschool Transportation. Total includes PNP services as well.	481,097
IDEIA - Classroom Support: Federal funds to provide the instructional services for students with learning disabilities, emotional impairments or other eligibility designations as outlined in the IEP. Included carryover funds from 2009/10.	2,007,639
IDEIA Disproportionality: Federal funds schools that have higher referral rates of African Americans as well as significant numbers of students receiving free and reduced lunches will be targeted.	485,954
IDEIA - Preschool: Federal funds to provide services for "at risk" 3-6 year old preprimary impaired children and their parents.	729,629
American Recovery & Reinvestment Act (ARRA) IDEIA Classroom Support: Federal funds will provide support to students according to their IEP and staff endorsements. Will use contracted services for Speech, OT/PT, and Nursing when necessary. Will provide classroom materials and supplies. Will provide adaptive PE with 1.0 fee.	421,570
American Recovery & Reinvestment Act (ARRA) IDEIA: Federal funds Preschool Incentive Program: to help parents and staff in the accomplishment helping students achievements and staff achievements.	105,074
American Recovery & Reinvestment Act (ARRA) IDEIA - Extended School Year Program: Federal funds to provide extended school year to special education students whose IEP determines it appropriate. Staff will be employed as necessary to provide an extended school year for students who need it.	447,880
American Recovery & Reinvestment Act (ARRA) IDEIA Peer Mentoring: Federal funds to increase interactions socially and academically with non-disabled peers in organized structured peer mentoring activities.	112,010
American Recovery & Reinvestment Act (ARRA) IDEIA Assistive Technology: Federal funds to provide assistive technology to 150 plus students with AT plans.	70,927

American Recovery & Reinvestment Act (ARRA) IDEIA – Timely Data Reporting. To review IEP's to ensure compliance in all areas; develop and provide professional development for areas of concern.	90,527
American Recovery & Reinvestment Act (ARRA) IDEIA – Filing Storage: Filing system to ensure all files and documents are protected and locked to ensure privacy and protection.	45,927
American Recovery & Reinvestment Act (ARRA) IDEIA - Professional Learning: Federal funds to facilitate the goals of the department and to further the professional growth of the special education staff.	118,802
American Recovery & Reinvestment Act (ARRA) IDEIA Secondary Curriculum Development: Federal funds to support to middle and high school SISS self-contained teachers.	61,108
Early On Program: Federal funds through MDE/WISD to provide services for families with children from birth through age three (0-36 months) who have medical problems; are behind peers in one or more of the following: physical development, communication, learning ability, self-help, social emotional development.	92,360
American Recovery & Reinvestment Act (ARRA) Early On Program: Federal funds through MDE/WISD to provide services for families with children from birth through age three (0-36 months) who have medical problems; are behind peers in one or more of the following: physical development, communication, learning ability, self-help, social emotional development.	51,750
Head Start Program: Federal funds to allow three and four year old preschool children of low-income families to attend a Head Start classroom located at the Preschool. Parents are trained to foster learning and development.	740,504
American Recovery & Reinvestment Act (ARRA) Head Start Program: Federal funds to allow for Cost of Living Increase, fringes costs and renovation of the Preschool.	42,115
Great Start Readiness Program, Parent Involvement and Education Program: State funded preschool program to serve "at risk" four year old students and their parents. Includes funding for Parent Involvement & Education.	391,000
Perkins III - Vocational Education: Federal funds to support career and technical education programs, with special emphasis on those programs which enroll large numbers of handicapped and disadvantaged students, identified in the legislation as "Special Populations" within grades 10-12.	169,168
Tech Prep: Federal funds to provide opportunities for professional staff development for CTE teachers. Connect school learning with how to use that learning in the real world context for grades 11-12.	3,500
Title II, Part A, Teacher/Principal Training: Federal funds to implement professional development opportunities in the district to support building level, district level and curricular student achievement goals. Total includes PNP services as well. Class-Size Reduction contained in this grant. Total includes carryover funds from 2009/10.	738,462
American Recovery & Reinvestment Act (ARRA) Title II, Part D, Enhancing Education Through Technology: WISD Data Director is a tool that will allow teachers to manage and analyze student achievement & PD to support in the Data Manager program.	14,021
Title III, English Language Acquisition Program: Federal funds to support English language learners from pre-Kindergarten through 12th grade residing within AAPS boundaries. Total includes carryover funds from 2009/10.	289,954
Adult Education WIA Core Program: Federal General Instruction \$80,000; Federal EI Civics \$25,000; Federal Institutional \$30,000. Federal funds to provide students with classes in GED preparation, ESL/EI- Civics, ABE Pre-GED. Instruction leads to the improvement of each student's ability to read and write at levels of proficiency needed to pass the GED test, to achieve one's employment goals, and to develop lifelong knowledge and potential.	135,000
Ann Arbor Educational Foundation: Local funds to support mini grants were awarded to various schools to enhance educational efforts. Schools receiving awards are: Abbot, Ann Arbor Open, Bryant, Carpenter, Clemente, Community, Eberwhite, Forsythe, Haisley, Huron, King, Lawton, Logan, Mitchell, Pattengill, Pioneer, Scarlett, Skyline, Stone, Tappan, and Wines.	27,154

American Recovery and Reinvestment Act (ARRA) Education State Stabilization Federal Funds through State. Due to shortfall of the state aide funds we used this funding to balance the general fund budget.	1,908,444
Ann Arbor Education Foundation: EPAS tests. This grant is to provide the EXPLORE and PLAN tests, from the Educational Planning and Assessment System (EPAS), to all eighth and tenth grade students in the 2010-11 academic year. Funds are allocated for purchase and administration of both tests as well as informational parent meetings to explain the test results to parents.	22,000
Ann Arbor Educational Foundation: Elementary Enrichment Program. This grant is for continued funding of the elementary enrichment coordinator program, which helps to equalize elementary enrichment district wide.	55,345
Ann Arbor PTO Thrift Shop Transportation Local Funds. The Ann Arbor PTO Thrift Shop offers to help offset transportation costs for AAPS students through this fund. Funds will be used for bus costs for curriculum-based field trip transportation for elementary and secondary schools as well as extra-curricular transportation expenses for middle and high schools.	101,706
Ann Arbor Educational Foundation: Environmental Science Program. This grant funds the following existing programs: Kensington Metorpark (1 <sup>st</sup> grade, \$16,286), Gravel Pit and Life Cycles (2 <sup>nd</sup> grade, \$5,464 and \$2,319) and Hydrology and Planetarium (6 <sup>th</sup> grade, \$11,410).	35,479
Ann Arbor Educational Foundation, Fifth Grade Instrumental Program. This grant is exclusively for instrument repair and music purchase for the fifth grade instrumental program.	10,000
Ann Arbor Educational Foundation: Grants under \$10,000: 1) Music purchases for middle school music programs, \$1,000 2) Songwriter fellowships for 6 elementary schools, \$6,000 3) Document cameras for middle and high schools to support science and math instruction, \$9,090 4) Project Healthy Schools educational prop kits, \$8,400	24,490
Ann Arbor Educational Foundation: World Language Instruction program. Funding is to be used as follows: \$95,000 for partnership with University of Michigan, \$8,400 for materials and supplies, and \$5,000 for workbooks.	108,400
<b>TOTAL 2010/11 GRANTS</b>	<b>\$12,663,616</b>
Note: Only out-of-district sources (state, federal, foundations and private donations) are included.	



# **SPECIAL EDUCATION REPORT**



**SPECIAL EDUCATION ACTUAL COST REPORT**  
(July 1, 2009 through June 30, 2010)

District Name: ANN ARBOR PUBLIC SCHOOLS

District Code:

81010

Funding Source (Check One)		PERSONNEL		List personnel in school year full-time equivalency, prorate to tenths (.0)							
<input checked="" type="checkbox"/> Section 52				Refer to the "Special Education List of Allowable Expenditures" for a description of reimbursable items by function and object codes.							
<input type="checkbox"/> Section 53											
REVISED November 20, 2010		Professional	Reimb. Aides	Salaries	Benefits	Purchased Svcs./Staff	* Purchased Services	Supplies and Material	Capital Outlay	Other Expenditures	TOTAL
Function Codes		1	2	3	4	5	6	7	8	9	10
1	122 LRE Classroom Aides	0.00	154.00	\$ 2,902,648	\$ 2,452,659	\$ 377,639	\$ -	\$ -	\$ -	\$ -	5,732,946
2	Educable Mentally Impaired	17.00	40.60	\$ 1,399,505	\$ 798,858	\$ 105,295	\$ 200	\$ 580	\$ -	\$ -	2,304,438
3	Trainable Mentally Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
4	Severely Mentally Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
5	Emotionally Impaired	4.60	6.00	\$ 472,030	\$ 251,352	\$ 34,415	\$ -	\$ 2,556	\$ -	\$ -	780,353
6	Learning Disabled	1.00	5.00	\$ 149,404	\$ 107,539	\$ 923	\$ -	\$ 605	\$ -	\$ -	258,471
7	Hearing Impaired	4.90	7.00	\$ 545,133	\$ 253,565	\$ 19,900	\$ 491	\$ 541	\$ -	\$ -	819,720
8	Visually Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
9	Physically Impaired (PoII)	1.00	3.00	\$ 112,470	\$ 76,011	\$ 32,024	\$ 30	\$ 902	\$ -	\$ -	221,437
10	Severely Multiply Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
11	Preprimary Impaired	8.00	26.00	\$ 685,473	\$ 447,758	\$ 51,049	\$ -	\$ -	\$ -	\$ -	1,184,280
12	Severely Language Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
13	Autistic Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
14	Resource Room	46.60	0.00	\$ 2,950,041	\$ 1,376,895	\$ 107,209	\$ -	\$ 1,473	\$ -	\$ -	4,435,618
15	Section 24 Programs	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
16	<b>SUB-TOTAL</b>	<b>83.10</b>	<b>241.60</b>	<b>\$ 9,216,704</b>	<b>\$ 5,764,637</b>	<b>\$ 748,544</b>	<b>\$ 721</b>	<b>\$ 6,657</b>	<b>\$ 3,766</b>	<b>\$ -</b>	<b>\$ 15,737,263</b>
17	213 Nurses/ Occ. Therapist/ Physical Ther	13.28	0.00	\$ 959,703	\$ 432,535	\$ 2,513	\$ 2,162	\$ 999	\$ -	\$ -	1,397,912
18	214 Psychological	17.00	0.00	\$ 1,412,632	\$ 596,006	\$ -	\$ 2,150	\$ -	\$ -	\$ -	2,010,788
19	215 Speech & Audiology	59.50	0.00	\$ 2,752,028	\$ 1,236,464	\$ 104,215	\$ 61,298	\$ 5,397	\$ -	\$ -	4,159,402
20	216 Social Work	18.00	0.00	\$ 1,319,525	\$ 590,871	\$ 22,860	\$ 513	\$ -	\$ -	\$ -	1,933,769
21	217 Visual Aid	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
22	218 TC/Mentally Impaired	4.90	0.00	\$ 354,812	\$ 159,768	\$ 11,104	\$ -	\$ -	\$ -	\$ -	525,684
23	218 TC/Emotionally Impaired	20.50	0.00	\$ 1,534,129	\$ 673,242	\$ 31,302	\$ 16	\$ -	\$ -	\$ -	2,238,689
24	218 TC/Learning Disabled	24.00	0.00	\$ 1,632,669	\$ 712,273	\$ 32,035	\$ 3,171	\$ 142	\$ -	\$ -	2,380,290
25	218 TC/Hearing Impaired	0.10	0.00	\$ 7,990	\$ 3,304	\$ 2,036	\$ -	\$ -	\$ -	\$ -	13,330
26	218 TC/Visually Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
27	218 TC/POHI	0.50	0.00	\$ 39,167	\$ 17,031	\$ -	\$ 2,215	\$ -	\$ -	\$ -	58,413
28	218 TC/Autistic Impaired	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
29	218 PPI Home Program	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
30	219 Physical Education/Homebound	0.00	0.00	\$ 15,038	\$ 3,695	\$ -	\$ 87	\$ -	\$ -	\$ -	18,810
31	219 Other Pupil Support	3.00	0.00	\$ 284,442	\$ 114,397	\$ 184,304	\$ 24	\$ 1,203	\$ -	\$ -	584,370
32	221 Improvement of Instruction	0.00	0.00	\$ -	\$ -	\$ -	\$ 7,040	\$ 21,009	\$ -	\$ -	28,049
33	226 Supervision/Direction	5.50	0.00	\$ 804,611	\$ 295,053	\$ -	\$ 44,164	\$ -	\$ -	\$ 1,934	1,145,762
34	241 School Principal	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
35	28x Support Service - Central	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
36	29x Support Service - Other	0.00	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
37	<b>SUB TOTAL</b>	<b>146.08</b>	<b>0.00</b>	<b>\$ 11,116,736</b>	<b>\$ 4,834,639</b>	<b>\$ 390,369</b>	<b>\$ 122,840</b>	<b>\$ 28,750</b>	<b>\$ -</b>	<b>\$ 1,934</b>	<b>\$ 16,495,268</b>
38	<b>SUB TOTAL 16 + 37</b>	<b>229.18</b>	<b>241.60</b>	<b>\$ 20,333,440</b>	<b>\$ 10,599,276</b>	<b>\$ 1,138,913</b>	<b>\$ 123,561</b>	<b>\$ 35,407</b>	<b>\$ -</b>	<b>\$ 1,934</b>	<b>\$ 32,232,531</b>
39	Indirect Costs (10.49%)									3,381,193	3,381,193
40	251 Board of Education/Adjustments			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
41	41 Capital Outlay (Line 16 + 37)			\$ -	\$ -	\$ -	\$ -	\$ 3,766	\$ -	\$ -	3,766
42	261 Direct Operation & Maintenance			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
43	271 Pupil Transportation (Sec. 53 Only)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
44	44 Tuition - MSD			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
45	<b>SUB TOTAL LINES (39 - 44)</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,766</b>	<b>\$ 3,381,193</b>	<b>\$ -</b>	<b>3,384,959</b>
46	<b>TOTAL COST</b>	<b>229.18</b>	<b>241.60</b>	<b>\$ 20,333,440</b>	<b>\$ 10,599,276</b>	<b>\$ 1,138,913</b>	<b>\$ 123,561</b>	<b>\$ 35,407</b>	<b>\$ 3,766</b>	<b>\$ 3,383,127</b>	<b>35,617,490</b>



**HISTORICAL INFORMATION**

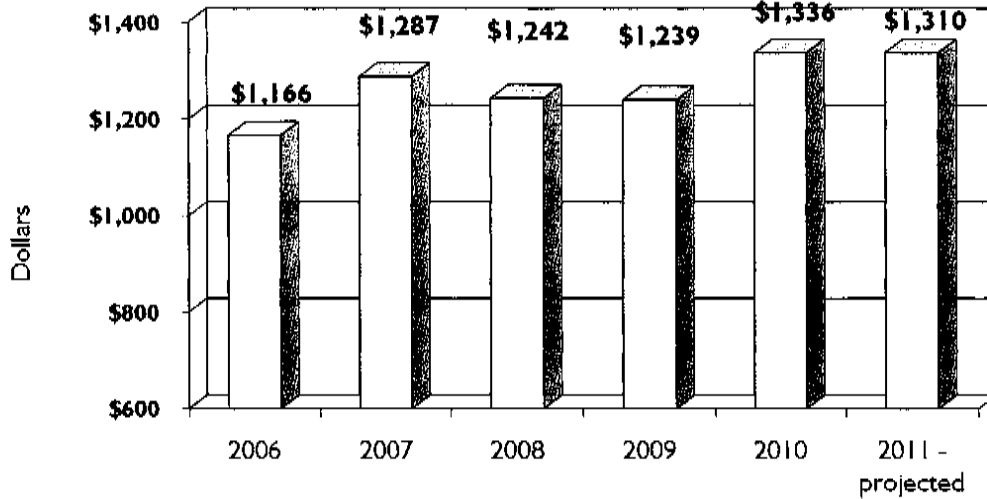
**RETIREMENT FUNDING**

**HEALTH CARE**

**COMPENSATED ABSENCES LIABILITY**



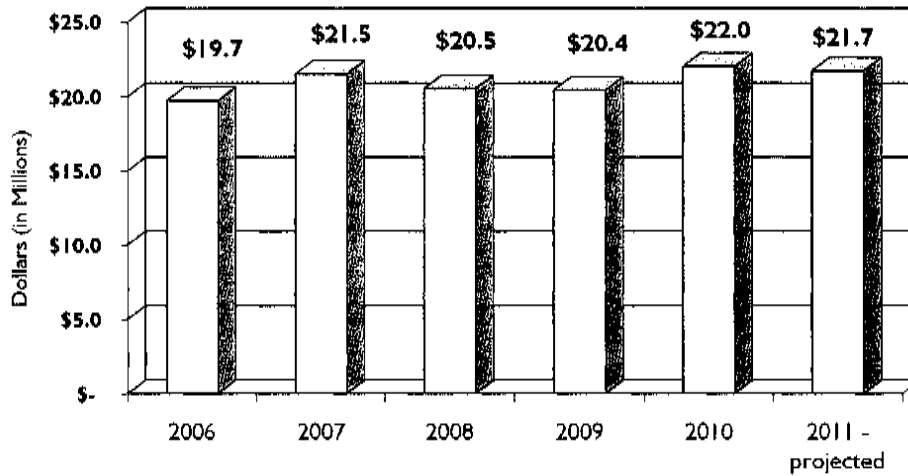
**Public Schools of the City of Ann Arbor  
Retirement Funding - MPSERS Contribution (per pupil)  
Year Ended June 30**



9

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moran

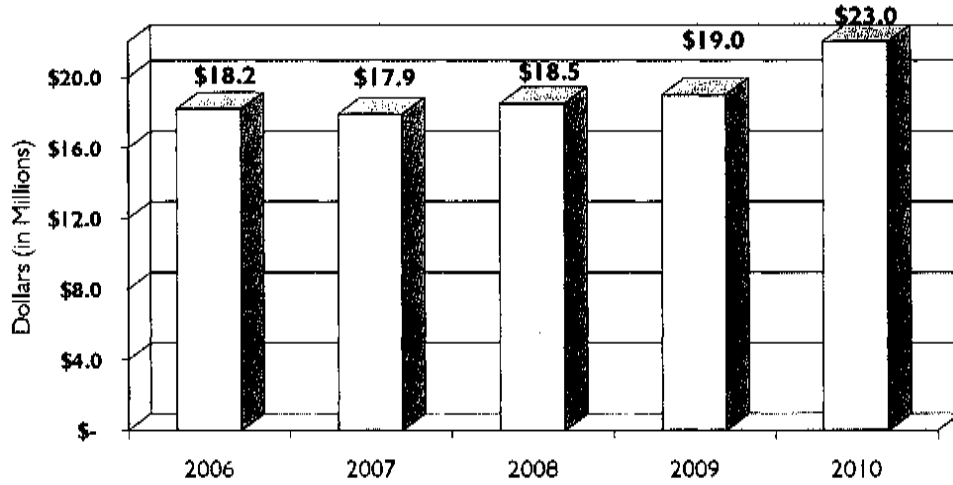
**Public Schools of the City of Ann Arbor  
Retirement Funding - MPSERS Expense  
Year Ended June 30**



8

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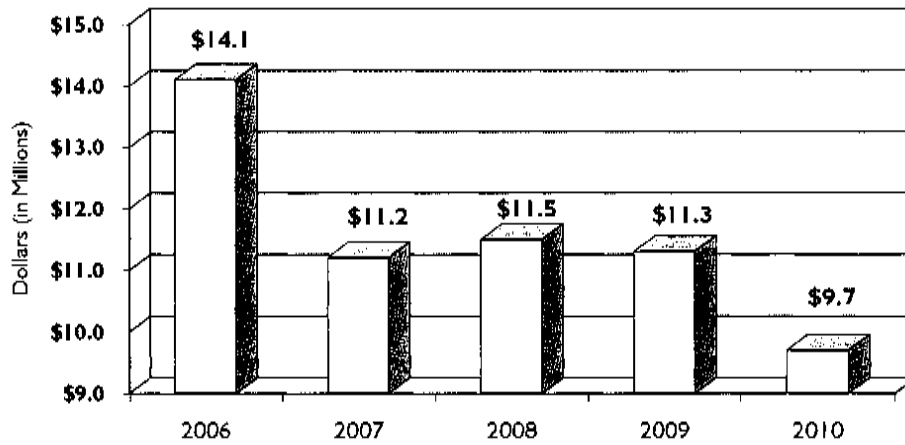
**Public Schools of the City of Ann Arbor  
Health Related Insurance Costs  
Year Ended June 30**



10

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**Public Schools of the City of Ann Arbor  
Compensated Absences Liability  
Year Ended June 30**



11

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# **SCHEDULE OF COMPARATIVE STATISTICS**

# PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR

## SCHEDULE OF COMPARATIVE STATISTICS YEARS ENDED JUNE 30, 2010, 2009 AND 2008

	2010	2009	2008
<b>NUMBER OF PUPILS (Note 1):</b>			
Kindergarten	1,345	1,212	1,204
Grades 1-5	6,033	6,146	6,142
Grades 6-8	3,521	3,529	3,545
Grades 9-12	<u>5,533</u>	<u>5,551</u>	<u>5,627</u>
<b>TOTAL NUMBER OF PUPILS</b>	<u><u>16,432</u></u>	<u><u>16,438</u></u>	<u><u>16,518</u></u>
<b>REVENUES, TRANSFERS AND OTHER TRANSACTIONS - GENERAL FUND (Note 2):</b>			
Local sources	\$ 79,629,875	75,139,404	89,597,704
State sources	83,019,616	86,402,948	85,497,329
Transfers and other transactions	<u>21,466,288</u>	<u>20,825,051</u>	<u>17,767,988</u>
<b>TOTAL REVENUES, TRANSFERS AND OTHER TRANSACTIONS - GENERAL FUND</b>	<u><u>\$ 184,115,779</u></u>	<u><u>182,367,403</u></u>	<u><u>192,863,021</u></u>
<b>EXPENDITURES, TRANSFERS AND OTHER TRANSACTIONS - GENERAL FUND (Note 2 &amp; Note 3):</b>			
Instruction	\$ 108,387,733	103,986,205	104,871,699
Support services - Pupil and instructional st	32,777,433	32,515,135	29,861,673
Support services - other	47,887,613	45,697,255	44,643,945
Community services	507,821	522,838	543,703
Transfers and other transactions	<u>5,520,946</u>	<u>3,747,687</u>	<u>8,344,866</u>
<b>TOTAL EXPENDITURES, TRANSFERS AND OTHER TRANSACTIONS - GENERAL FUND</b>	<u><u>\$ 195,081,546</u></u>	<u><u>186,469,120</u></u>	<u><u>188,265,886</u></u>
<b>COST PER PUPIL:</b>			
Instruction	\$ 6,596.14	6,325.96	6,348.93
Support Services - instructional staff (Note 4)	2,330.72	2,206.04	2,313.02
Support services - other	2,914.29	2,779.98	2,702.75
Community services	<u>30.90</u>	<u>31.81</u>	<u>32.92</u>
<b>TOTAL COST PER PUPIL</b>	<u><u>\$ 11,872.05</u></u>	<u><u>11,343.79</u></u>	<u><u>11,397.62</u></u>

# PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR

## SCHEDULE OF COMPARATIVE STATISTICS YEARS ENDED JUNE 30, 2010, 2009 AND 2008

	2010	2009	2008
<b>TAXABLE VALUE (in thousands):</b>			
Homestead	\$ 4,609,370	4,700,756	4,348,148
Non-Homestead	3,071,250	3,023,974	3,385,605
	<u>7,680,620</u>	<u>7,724,730</u>	<u>7,733,753</u>
<b>TAXABLE value (in thousands)</b>	<b>\$ 7,680,620</b>	<b>7,724,730</b>	<b>7,733,753</b>
	<u>467,418</u>	<u>469,931</u>	<u>468,202</u>
<b>Per pupil</b>	<b>\$ 467,418</b>	<b>469,931</b>	<b>468,202</b>
<b>LEVIED TAX RATE (Mills):</b>	<b>H / NH</b>	<b>H / NH</b>	<b>H / NH</b>
Hold Harmless/Operating	4.4201/17.9694	4.2857/17.9694	4.7232/17.9694
Debt Service	2.0325/2.0325	2.2740/2.2740	2.2772/2.2772
Sinking Fund	.9861/.9861	.9861/.9861	.9861/.9861
	<u>7.4287/20.9880</u>	<u>7.5458/21.2295</u>	<u>7.9865/21.2327</u>
<b>TOTAL LEVIED TAX RATE</b>	<b>7.4287/20.9880</b>	<b>7.5458/21.2295</b>	<b>7.9865/21.2327</b>
<b>PROPERTY TAX REVENUES:</b>			
General Fund (Hold Harmless/Operating)	\$ 75,738,248	74,800,351	77,419,777
Capital Projects (Hold Harmless)*	-	1,493,571	3,524,916
Debt Service (Note 5)	15,955,291	17,912,850	17,682,656
Sinking Fund (Note5)	7,735,772	7,767,749	7,657,152
	<u>99,429,311</u>	<u>101,974,521</u>	<u>106,284,501</u>
<b>PROPERTY TAX LEVIES PER PUPIL:</b>			
General Fund	\$ 4,609.19	4,550.45	4,686.99
Capital Projects*	-	90.86	213.40
Debt Service	970.99	1,089.72	1,070.51
Sinking Fund	470.77	472.55	463.56
	<u>6,050.95</u>	<u>6,203.58</u>	<u>6,434.46</u>
<b>TOTAL PROPERTY TAX LEVIES PER PUPIL</b>	<b>\$ 6,050.95</b>	<b>6,203.58</b>	<b>6,434.46</b>
<b>STATE AID:</b>			
Foundation	\$ 66,102,944	73,605,136	74,779,558
	<u>4,023</u>	<u>4,478</u>	<u>4,527</u>
<b>TOTAL STATE AID FOUNDATION PER PUP</b>	<b>\$ 4,023</b>	<b>4,478</b>	<b>4,527</b>
<b>TEACHER SALARY SCALE:</b>			
Minimum	\$ 39,540	39,540	38,860
	<u>87,774</u>	<u>87,774</u>	<u>86,264</u>
Maximum	\$ 87,774	87,774	86,264
<b>NUMBER OF CONTRACTUAL TEACHERS</b>	<b>1,217</b>	<b>1,205</b>	<b>1,158</b>

\* Fiscal year 2010 Taxable values are included with the General fund taxable values.

# **PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR**

## **SCHEDULE OF COMPARATIVE STATISTICS YEARS ENDED JUNE 30, 2010, 2009 AND 2008**

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- Note 1 - Number of pupils based on a blended membership count (February - previous fiscal year and September - current fiscal year).
- Note 2 - Information presented on a general fund budgetary basis which does not include grant programs. Budgets for grant programs are prepared using a different fiscal year than the School District.
- Note 3 - Instructional support services include pupil health, guidance, psychological, library, media etc. Other support services include principals, administration, transportation, fiscal services, operation and maintenance of buildings.
- Note 4 - Transfers and other transactions are included in the cost per pupil for instructional support. These items represent student tuition and subsidies for student activities, athletics and grant programs.
- Note 5 - Property tax revenue for the debt service and sinking funds includes Scio Township's Downtown Development Authority.

# **GOVERNANCE**



# GOVERNANCE

## Legislation Concerning Budgeting - State Of Michigan

### ***REQUIREMENTS UNDER THE UNIFORM BUDGETING AND ACCOUNTING ACT (Public Act 621)***

The provisions of P. A. 621 became effective for the school year beginning July 1, 1981. At that time, boards of education and school district administrators were required to adopt procedures to come in compliance with the Act. The purpose of the Act is to provide the structure necessary for a close relationship between the administration and the local school district school board with regard to the establishment of budgets and appropriations. The Act also provides that the Superintendent of Public Instruction shall publish suggested manuals, forms, and operating procedures for use by local and intermediate school districts (ISD's).

In addition, the Act provides for penalties for violations that occur under the Act when brought to the attention of the Attorney General, State of Michigan.

The following paragraphs list the major revenue and expenditure appropriation categories for the various funds:

General Fund (and various others) - The following major revenue categories and expenditure functions constitute the minimal levels of appropriation for the general fund, school service fund, debt retirement fund, building and site fund and recreation fund at the local school district level.

- Local
- Intermediate
- State
- Federal
- Incoming Transfers & Other Transactions

### **EXPENDITURES**

- Instruction:
  - Basic Program
  - Added Needs
  - Adult and Continuing Education
- Support Services:
  - Pupil
  - Instructional Staff
  - General Administration
  - School Administration
  - Business
  - Operations and Maintenance

Pupil Transportation  
Central  
Support Services. - Other  
Community Services  
Outgoing Transfers and Other Transactions

The budgets projected are subject to the provisions of Act 94 of the Public Acts of 1979, as amended, or by any other law. It shall be consistent with the uniform chart of accounts prescribed for local and intermediate school districts by this Manual (Bulletin 1022, revised).

**RESPONSIBILITY**

The Superintendent, as chief administrative officer of a local or intermediate school district, is responsible for budget preparation and presentation to the school board of the district and for the control of expenditures as presented in the budget and general appropriations act. In the case of local school districts which do not employ a superintendent, the elected official who prepares and administers the budget shall act as the district chief administrative officer.

**ASSIGNMENT**

The Superintendent of the school district may assign the duty of preparation and administration of the budget to a fiscal officer, such as a controller, a finance director, or a business manager, or to an elected or appointed official for such purpose.

**BUDGETS REQUIRED**

Local school districts must prepare a budget for the general fund, school service fund (food service, athletics, capital outlay), and debt retirement fund. Although not required by law, if a school district levies a building and site millage, it is recommended that a formal budget and general appropriation resolution be adopted by the board of education.

**INFORMATION TO SCHOOL BOARD**

The Superintendent shall furnish the school district board of education such information as the board requires for proper consideration of the recommended budget. The budget must include revenue and expenditure information for the most recently completed fiscal year and the ensuing fiscal year. The information should include the amount of surplus or deficit accumulated from prior fiscal years and an estimate of the surplus or deficit expected as a result of the budget being considered.

**CAPITAL CONSTRUCTION PROJECTS**

Information summaries should be provided for each capital construction project. The informational summary should include total cost, proposed method of financing, projected annual operating costs, and the method of financing the operating costs.

**GENERAL APPROPRIATIONS RESOLUTION**

The local school board shall pass a general appropriation resolution for the general fund, the school service fund, the debt retirement fund, the recreation fund, and the building and site sinking fund.

Deviations from an original appropriation shall not be made without amending the appropriation by the local school board.

**DEFICITS PROHIBITED**

When it is determined that the actual and probable revenue from taxes and other sources in a fund are less than the estimated revenues, including available fund balances, upon which appropriations from the fund were based, the Superintendent shall recommend to the board of education a plan to prevent expenditures from exceeding available revenues for the current fiscal year.

**BUDGETARY CONTROL**

The Superintendent of the school district shall not incur an expenditure against any specific appropriation in excess of the amount authorized by the board of education unless specified in the appropriation.

An appropriation shall not be incurred except pursuant to the authority and appropriations of the school board.

**REQUIREMENTS FOR PUBLIC HEARING ON THE BUDGET**

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Each school district must hold public hearing on its budget before it is adopted as provided for in the School Laws.

The General School Laws also require that prior notice of the hearing must be given to the public:

*....notice of such hearing to be given by publication in a newspaper of general circulation within such unit at least six days prior to such hearing. Such notice shall include the time and place of such hearing and shall state the place where a copy of such budget is available for public inspection.*

The hearing must be held before the final adoption and after the tax rate allocation has been fixed by the board:

*....each local unit shall hold such public hearings prior to final adoption of its budget. Units which submit budgets to a county tax allocation board shall hold such hearing after its tax rate has been fixed by such a board.*

**REQUIREMENTS OF THE STATE SCHOOL AID ACT**

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Section 102 the School Aid Act prohibits deficit (negative equity) in budgeting:

*....a district receiving money under this act shall not adopt or operate under a deficit budget and a district shall not incur an operating deficit in a fund during a school fiscal year....*

*....a district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district submits to the department for approval a budget for the current school fiscal year and a plan to eliminate district's deficit not later than the end of the school fiscal year after the deficit was incurred.*

**GENERAL OPERATING FUND BALANCE POLICY**

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The District shall adopt a budget and manage its financial matters so the budgeted year-end unreserved fund balance of the general fund equals 15% or more of the year's budgeted general fund expenditures.

Policy adopted: October 10, 1984  
Revised: July 25, 1990  
February 18, 1998  
December 19, 2001  
June 11, 2003  
January 23, 2008

# **ACCOUNT CODE FUNCTION DEFINITIONS**



# ACCOUNT CODE FUNCTION DEFINITIONS

MAIN CATEGORY    Sub-Category	Definition
INSTRUCTION	<p><b>These are instructional activities dealing directly with the teaching of pupils or the interaction between teacher and pupils.</b> Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital and other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides, assistants of any type, supplies and machines which assist directly in the instructional process.</p>
INSTRUCTION <b>Basic Program</b>	<p><b>Instructional activities including enrichment designed primarily to prepare pupils for activities as citizens, family members, and workers, as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps.</b> Included are Pre-School, Elementary, Middle School, and High School and other basic programs such as summer school and enrichment programs.</p> <p>Costs that can be attributed to direct classroom/student expenses are charged under the categories noted above:</p> <ul style="list-style-type: none"> <li>• classroom teacher salaries and benefits</li> <li>• classroom teacher assistant salaries and benefits</li> <li>• substitute teachers</li> <li>• teacher hourly salaries</li> <li>• field trips</li> <li>• instructional supplies and materials, textbooks, repair of classroom equipment, new and replaced equipment, printing, periodicals, subscriptions, and other</li> <li>• a-v materials, library books, etc.</li> <li>• contracted services, workshops &amp; conferences/travel</li> </ul> <p><i>Examples of costs are: site based improvement program, at-risk program, computer lab assistants, school assembly performances, driver education for high school students, pre-school materials and instructional toys, summer school hourly teachers</i></p>

# ACCOUNT CODE FUNCTION DEFINITIONS

<b>INSTRUCTION</b>	<b>Added Needs</b>	<p><b>Instructional activities for pupils' added needs such as special education, vocational education and compensatory education. Expenditures during the regular school year and the summer program should be included under this function number.</b></p> <p>Compensatory education costs are accounted for in federal fund, not general fund since funds for programs such as Title I come from federal sources.</p> <p>Costs that can be attributed to direct special education, vocational education, compensatory education and other added needs' classroom/student expenses are as follows:</p> <ul style="list-style-type: none"> <li>• classroom teacher salaries and benefits</li> <li>• classroom teacher assistant salaries and benefits</li> <li>• substitute teachers</li> <li>• teacher hourly salaries</li> <li>• field trips</li> <li>• instructional supplies and materials, textbooks, repair of classroom equipment, new and replaced equipment, printing, periodicals, subscriptions, and other</li> <li>• a-v materials, library books, etc.</li> <li>• contracted services, workshops &amp; conferences/travel</li> </ul> <p><i>Examples are: evaluation consultants for impaired or learning disabled students, resource teachers, inclusion teacher assistants, hearing impaired equipment, substitutes due to IEPC meetings; auto shop tools and equipment, welding tools, computers for business technology classes, food supplies for Covered Wagon.</i></p>
<b>INSTRUCTION</b>	<b>Adult/ Continuing Education</b>	<p><b>Learning experiences designed to develop knowledge and skills to meet educational objectives of adults.</b></p> <p>The Adult Education Program in the Ann Arbor Public Schools has three important components; they are: the High School Completion Program, Adult Basic Education and Project Education. Both High School Completion and Adult Basic Education programs serve students 20 years old and over and are free to those eligible. Funding comes from the State of Michigan. The High School Completion Program is for adults who are working on completion of their high school diploma or G.E.D., while Adult Basic Education provides English as a Second Language classes for foreign-born adults. Project Education is an alternative high school for students aged between 15-19 years old</p>

## ACCOUNT CODE FUNCTION DEFINITIONS

<b>INSTRUCTION</b>	<b>Adult/ Continuing Education (continued)</b>	working to complete their high school diploma. Since they are considered part of our district's K-12 students, we receive foundation allowance to fund this program.
<b>SUPPORTING SERVICES</b>		<b>These are services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction and to a lesser degree, community services. Supporting Services supplements the fulfillment of the objectives of instruction.</b>
<b>SUPPORTING SERVICES</b>	<b>Pupil</b>	<p><b>Services which are designed to assess and improve the well-being of pupils and to supplement the teaching process.</b> Services under this category are: Attendance Services, Guidance Services, Health Services, Psychological Services, Speech and Audiology Services, Social Work Services, Visual Aid Services, Teacher Consultant and Other Pupil Services.</p> <p>Costs that can be attributed under these categories are:</p> <ul style="list-style-type: none"> <li>• salaries and benefits for auxiliary services staff such as: psychologist, social worker, speech therapist, teacher consultant, guidance counselor, occupational therapist</li> <li>• salaries and benefits for community assistants</li> <li>• hourly salaries for noon supervisors and monitors</li> <li>• supplies and materials, repair of equipment, new and replaced equipment, printing, periodical and subscriptions, psychological testing supplies.</li> <li>• contracted services, workshops &amp; conferences/travel</li> </ul> <p><i>Examples: conflict management costs, TB &amp; Flu shots, attendance secretaries, noon supervisors, hall monitors, homebound students' costs, crossing guards, police security in high schools</i></p>

# ACCOUNT CODE FUNCTION DEFINITIONS

**SUPPORTING SERVICES**

**Instructional Staff**

**Consist of activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.**

Costs that can be attributed under these categories are:

- salaries and benefits for curriculum coordinators and staff development personnel such as: music, P.E., art, math, science coordinators, staff development personnel, directors and supervisors of programs, able learner coordinator, librarians
- salaries and benefits for secretaries in staff development, curriculum office, directors' offices
- hourly salaries for teacher clerks and library clerks
- supplies and materials, repair of equipment, new and replaced equipment, printing, periodical and subscriptions, psychological testing supplies
- contracted services, workshops & conferences/travel

*Examples: teacher clerk hourly costs, library clerk, workshops/in-service costs for training teachers and support staff, media services staff, IMC services, summer production work*

**SUPPORTING SERVICES**

**General Administration**

**Consist of those activities concerned with establishing policy, operating schools and the school system, and providing the essential facilities and services for the staff and pupils.**

Costs that can be attributed under this category:

- salaries and benefits for administrative staff such as: Superintendent, Deputy Superintendent for Instructional Services, Assistant Superintendent for Instructional Supervision and Support, Administrator for Secondary Education and their office staff
- Board secretary's salary and benefits
- election costs, audit fees, celebration of excellence costs, retirement dinners, board agenda packet printing, legal expenses
- Board stipends, meeting expenses
- workshops/conferences and membership costs
- office supplies and materials, repair and maintenance of equipment, new and replacement of equipment

## ACCOUNT CODE FUNCTION DEFINITIONS

<b>SUPPORTING SERVICES</b>	<b>School Administration</b>	<p><b>Consists of those activities concerned with overall administrative responsibility for a single school.</b></p> <p>Costs that can be attributed under this category:</p> <ul style="list-style-type: none"> <li>• Principals, assistant principals, class principals, and secretaries' salaries and benefits</li> <li>• Principals' office supplies and materials, equipment and repair</li> <li>• Summer school principals' hourly cost and their hourly help</li> <li>• Postage, office supplies and materials</li> <li>• Secretary hourly</li> </ul>
<b>SUPPORTING SERVICES</b>	<b>Business Services</b>	<p><b>Activities concerned with purchasing, paying, transporting, exchanging and maintaining goods and services for the school district.</b> Included are the fiscal acquisition of facilities, and internal services for operating all schools.</p> <p>Costs attributed under this category are as follows:</p> <ul style="list-style-type: none"> <li>• salaries and benefits of finance staff such as: Deputy Superintendent for Business Services, purchasing agent, finance director, payroll and accounts payable staff, purchasing assistant, central duplicating supervisor, warehouse staff, secretaries</li> <li>• supplies and materials, maintenance and repair of equipment,</li> <li>• new and replacement of equipment</li> <li>• printing, postage, membership dues, subscriptions</li> <li>• contracted services</li> </ul> <p><i>Examples: lease payments for district printer/duplicator, payroll and accounts payable checks, rental of commencement site, vehicle, property, liability insurance, bank charges, theft replacement.</i></p>
<b>SUPPORTING SERVICES</b>	<b>Operation and Maintenance of Plant</b>	<p><b>Consists of those activities concerned with keeping the physical plant open comfortable and safe for use, and keeping the grounds, buildings, and equipment in an effective working condition and state of repair.</b> This includes activities of maintaining safety in buildings, on the grounds and in the vicinity of schools. All utility</p>

# ACCOUNT CODE FUNCTION DEFINITIONS

**SUPPORTING SERVICES**

**Operation and Maintenance of Plant  
(continued)**

expenditures such as electricity, heating (metered or bulk supply), water and sewage waste and trash disposal and telephone charges are also included under this section.

Costs attributed under this category are:

- custodian and maintenance staff salaries and benefits
- facilities director, Capital Planning director, custodian supervisor, Utilities and Environmental director, secretaries and crew chiefs salaries and benefits
- maintenance of heavy equipment, repair, replacement of equipment and new equipment
- school building and grounds maintenance supplies
- electricity, telephone, sewer, heat costs
- supplies and materials to maintain the schools

**SUPPORTING SERVICES**

**Pupil Transportation Services**

**Consists of those activities concerned with the transporting of pupils to and from school, as provided by state law.** It includes trips between home and school or trips to school activities. All other direct costs related to pupil transportation should be included under this function, i.e., physical exams, workshops, and conferences, uniforms, school bus driver licenses, awards, bus monitors, etc.

Costs attributed under this category are as follows:

- salaries and benefits for bus drivers, bus monitors, transportation supervisors, secretaries, mechanics, and dispatcher
- hourly costs for bus drivers
- Repair and maintenance of busses, printing, local travel, new and replacement of equipment

*Examples: bus drivers' license, vehicle parts, gasoline, tires and batteries, AATA passes, bus drivers' physical examinations*

**SUPPORTING SERVICES**

**Central**

**Activities other than general administration which support each of the other instructional and supporting service programs.**

Costs attributed under this category:

- salaries and benefits for Information Services Director, Research and Evaluation Specialists, Director for Human Resource Services, Human Resource Services

# ACCOUNT CODE FUNCTION DEFINITIONS

**SUPPORTING SERVICES**

**Central (continued)**

- staff, Research and Evaluation staff, Computer Services director and staff, Child Accounting secretary
- supplies and materials, postage, printing, local travel, workshop and conference
  - repair and maintenance of computers, copiers and audio visual equipment, new and replacement of equipment
  - consultant services

*Examples: arbitration and grievance settlement costs, negotiations costs, computer paper supplies, parts for computers and a-v equipment, test supplies for district-wide use*

**SUPPORTING SERVICES**

**Other**

**Activities of any supporting service or classification of services, general in nature, which cannot be classified in the preceding service areas.**

**COMMUNITY SERVICES**

**Community Services consist of those activities that are not directly related to providing education for pupils in a school system.** These include services provided by the school system for the community as a whole or some segment of the community, such as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities.

Costs attributed under this category:

- salaries and benefits for Recreation and Community Service supervisors and secretaries, recreation specialists, Partners for Excellence Coordinator, Community Coordinators,
- Rec and Ed supplies and materials, postage, printing, workshop/conference, local travel
- repair and maintenance of equipment, new and replacement of equipment

*Examples: handicapped program costs, senior citizen program costs, and enrichment program costs*

## ACCOUNT CODE FUNCTION DEFINITIONS

**OUTGOING  
TRANSFERS AND  
OTHER  
TRANSACTIONS**

**Conduit type (outgoing transfers) payments to other school districts or administrative units in the state or in another state, modifications from one fund to another fund in the school district, and other transactions.**

*Examples: tuition payments for COPE students, tuition payments for Special Education students attending out of district programs, subsidies to other funds such as athletics, trust and agency and federal programs*

# **GLOSSARY**



## GLOSSARY

<b>Benefits</b>	Includes mandatory and contractual additions (benefits) to salary. Mandatory benefits include FICA and retirement. Non-mandatory benefits include health, life, dental, vision insurance, compensated absences (vacation/sick), etc.
<b>Blended Membership Count</b>	The number of pupils counted in the schools in February (previous fiscal year) and September (current fiscal year). A blend of these counts determine the number of pupils eligible for foundation guarantee funding.
<b>Categorical Funding</b>	Revenues specifically identified in the state aid act or other state law which must be used for a specific purpose. Often, if this money is not completely used it is required to be refunded to the state. Many categoricals are paid based on estimates and must be adjusted or carried over once actual costs are known.
<b>Foundation Allowance</b>	A funding formula providing for a per pupil distribution of State Aid based on the district's previous combined state and local revenue and the growth in the state's State Aid Fund.
<b>FTE</b>	Full time equivalent. Refers to employees (personnel on the school payroll) or pupils of the district. [Two part-time employees working 50% of the normal hours for a particular position represent on (1) FTE.]
<b>Hold Harmless Millage</b>	Also known as Supplemental millage. Additional local operating millage approved by the voters of the district, for districts which require additional millage to fund the foundation allowance. This millage is levied first on homesteads. [If more than 18 homestead mills are required, the additional mills are levied on homestead and non-homestead property until the revenue guarantee is obtained.]
<b>Homestead Property</b>	Any dwelling, or unit in a multiple-unit dwelling, that is owned and occupied as a principal residence of the owner and includes other contiguous, unoccupied parcels owned by the owner of the homestead. Leasing less than 50% of a homestead to another person as a residence does not disqualify the property as a homestead. The owner must be an individual.

## GLOSSARY

<b>Local Assessed Valuation</b>	The value placed upon each piece of property by the local assessor within his/her jurisdiction.
<b>Millage</b>	The rate of taxation applied to the taxable value representing 1/1000 of a dollar.
<b>Non-Homestead Property</b>	Any dwelling, that is not owned and occupied as a principal residence by the owner, i.e., commercial, industrial or rental of second homes.
<b>Non-Homestead Millage</b>	A local operating millage approved by the voters of the district on property where a homestead exemption has not been granted. For most districts, 18 non-homestead mills are levied.
<b>Other Support Staff</b>	Any FTE employee who, in general, does not supervise another employee and who provides logistical support to facilitate and enhance instruction. Responsibilities include, but are not limited to, preparing, transferring, transcribing, systematizing, or preserving written communications and records.
<b>Proposal A</b>	<p>An amendment to the State Constitution of 1963 voted by Michigan voters on March 15, 1994, which became effective April 30, 1994.</p> <ul style="list-style-type: none"><li>A. Limits increase in the "taxable value" of property in 1995 and each year thereafter to increases in the "general price levy" or five percent (5%), whichever is less, until ownership is transferred.</li><li>B. Requires that any law that increases the statutory limits, in effect on February 1, 1994, on the maximum amount of property taxes that may be levied for school district operating purposes, obtain the approval of 3/4 of both the House and Senate.</li><li>C. Mandated a two percent (2%) increase in the state sales tax with the proceeds dedicated to the state school aid fund (from 4% to 6%).</li></ul>

## GLOSSARY

- D. Guarantees each local school district that the total state and local per pupil revenues for operating purposes in 1995-96 and each year thereafter will not be less than 1994-95 so long as the local school district's millage rate levy is not less than the 1994 levy.

**Reserves (Fund Equity)**

Funds set aside in a school district budget to provide for future expenditures or to offset future losses, for working capital (cash flow) or for other purposes.

**Salaries**

The total amount regularly paid or stipulated to be paid to an individual, before deductions for personal services rendered while on the payroll of the school district. Payments for sabbatical leave are also considered salary.

**State Equalized Value**

The value attached to the property listings of an assessing unit by the State Tax Commission in order to equalize assessments at 50 percent of true cash value on a statewide basis.

**State Wide Millage**

6 mills levied by the State on all property with the proceeds dedicated to the State's State Aid Fund.

**Step Increase**

The automatic increase in salary based on number of years of service and/or educational degrees obtained. The step increase is in addition to any negotiated contractual salary increase. A step increase continues for 5-13 years, depending on the bargaining unit.

**Supervisors and Coordinators**

Any FTE who supervises or coordinates another employee. These staff provide supervisory, technical or logistical support to facilitate and enhance instruction.

**Taxable Value**

Property value used for determining the amount of property tax levied on each parcel. Different from the State Equalized Value due to per parcel limits on property value increases (per Proposal A).

**Teachers**

Any FTE employee who provides direct permanent instruction to pupils. (Does not include substitute teachers.)



*No person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination in any educational program or activity available in any school on the basis of race, color, sex, religion, creed, political belief, age, national origin, linguistic and language differences, sexual orientation, socio-economic status, height, weight, marital or familial status, or disability. Policy #5145.9, Adopted: 7/29/81; Revised: 9/9/98.*