ANN ARBOR PUBLIC SCHOOLS

FY 2008/2009
APPROVED BUDGET

Prepared by:
Operations Division

June 18, 2008

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

BOARD OF EDUCATION
2008-2009

ADMINISTRATION

Todd Roberts	Superintendent of Schools
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ANN ARBOR PUBLIC SCHOOLS
Operations Division

MEMORANDUM

TO: Todd Roberts, Superintendent

FROM: Robert Allen, Deputy Superintendent

DATE: May 28, 2008

SUBJECT: ***FY 2008/09 Budget***

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, Athletics, Millage and 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^{th}.

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 Budget Committee for providing the information on revenue and enrollment projections as well as the proposed budget savings for FY 08/09. Special thanks to Nancy Hoover, Linda Doernte and Judy Solowczuk for their assistance in the completion of this document.

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ITEM DESCRIPTION PAGE

BUDGET TIMELINE
and
DEVELOPMENT PROCESS

Budget Development Timeline

• Revenue & Expenditure Projections	Week of Jan. 7, 2008
• BOE Planning Committee Meeting Re: Budget Planning	Jan. 15, 2008
• Meeting with Instructional Council Re: Budget Planning	Week of Jan. 15 2008
• Budget Planning by Department & Level	Jan. 15 - Feb. 18, 2008
• Meeting with Bargaining Units & Instr. Council Re: Budget Planning	Week of Jan. 21, 2008
• BOE Study Session Re: Budget Planning	Jan. 30, 2008
• Input Gathering Forums (Staff, Parents, Community)	Feb. 18-22, 2008
• Development of Draft Budget Plan	Feb. 18-Mar. 3, 2008
• Meeting with Instructional Council Re: Draft Budget Plan	Week of March 7, 2008
• Meeting with Bargaining Units Re: Draft Budget Plan	Week of March 7, 2008
• Briefing to BOE on Draft Budget Plan	Week of March 7, 2008
• Meetings with Staff, PTOC, AAPAC, BPSSG	Week of March 14, 2008
• Briefing to BOE on Draft Budget Plan	Apr.16, 2008
• Briefing and Approval on Budget Resolution and notice calling for a Public Hearing*	May 14, 2008
• Publish notice for a Public Hearing* *(at least 6 days prior to the date of hearing*	May 21, 2008
• First Briefing & Public Hearing on Proposed Budget* (Compliance w/Truth in Budgeting Act)	May 28, 2008
• First Briefing of Millage Resolution*	June 11, 2008
• Second Briefing & Approval of the General Appropriation Act* (FY 2008/09 Budget)	June 18, 2008
• Second Briefing & Approval of Millage Resolution	June 18, 2008

*Legally Required

Updated 5/28/2008

STRATEGIC PLAN
FY 2008/09 GOALS

ANN ARBOR PUBLIC SCHOOLS

Strategic Plan 20-07 → 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 school's 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

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.

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.

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.

If you are interested in being a member of one of the Action Teams, please contact Liz Margolis at 994.2236 or margolis@aaps.k12.mi.us

THREE-YEAR REVENUE PROJECTION

Three Year Revenue Projection

FY 2007 - FY 2011

(milions)

		Budgeted	I - - - - - - - - -	Projected	- - - - - - - - - I
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
General Ed.	16,368	16,105	16,005	16,005	16,005
Special Ed (Included in State categorical below)	362	412	412	412	412
Total Blended Count (FTE)	16,730	16,517	16,417	16,417	16,417
FY 1995 Base Foundation	7,734.35	7,734.35	7,734.35	7,734.35	7,734.35
Discretionary Foundation	1,885.00	1,933.00	2,023.00	2,023.00	2,023.00
Total Foundation (per student)	9,619.35	9,667.35	9,757.35	9,757.35	9,757.35
Proposal A Obligation (Gen. Ed. students only)	126.60	124.56	123.79	123.79	123.79
Discretionary Foundation (G.E. students only)	30.85	31.13	32.38	32.38	32.38
Proration on foundation revenue					
Total Foundation	157.45	155.69	156.17	156.17	156.17
Less:					
Allocation for Millage and Capital Needs Fund	(3.50)	(3.50)	(1.50)	(2.00)	(2.00)
Delinquent and Previous Year Tax Adjustment	(0.73)	(0.70)	(0.70)	(0.70)	(0.70)
Prior Year Adjustments	(0.41)	5.50	0.00	0.00	0.00
Revenue Deferred		3.30			
Total Foundation Allowance	**152.81**	**160.29**	**153.97**	**153.47**	**153.47**
Other Local Sources:					
In lieu of taxes (U of M Married Housing/IFT taxes)	0.55	0.00	0.00	0.00	0.00
Tuition (includes summer school fees)	0.10	0.06	0.06	0.06	0.06
Income from Investment	1.57	1.50	1.40	1.40	1.40
Rental of School Facilities (tower rentals)	0.55	0.20	0.20	0.20	0.20
Parking Project	0.75	0.75	0.80	0.80	0.80
Reimbursements	0.43	0.35	0.35	0.35	0.35
Miscellaneous	0.20	0.70	0.20	0.20	0.20
Total Other Local Sources	**4.15**	**3.56**	**3.01**	**3.01**	**3.01**
State Sources:					
Categoricals:					
Bilingual Program	0.05	0.05	0.05	0.05	0.05
Special Education (costs increase 7% per year)	8.52	9.50	10.42	11.15	11.93
Adult Education	0.10	0.10	0.10	0.10	0.10
Vocational Education (Added/Administration)	0.15	0.15	0.15	0.15	0.15
Other categoricals	0.19	0.00	0.00	0.00	0.00
Prior year adjustments	1.22	0.86	0.50	0.50	0.50
Total State Sources	**10.23**	**10.66**	**11.22**	**11.96**	**12.73**
Federal Source - Medicaid Outreach	**0.00**	**0.00**	0.00	**0.00**	**0.00**
Interdistrict Sources:					
County Special Education	15.20	17.20	18.87	20.19	21.60
Tuition - Other Districts	0.10	0.10	0.10	0.10	0.10
Other Financing Sources:					
Transfer from Other Funds	0.11	0.50	0.50	0.50	0.50
Total Interdistrict and Financing Sources	**15.41**	**17.80**	**19.47**	**20.79**	**22.20**
Total Other Sources	**29.79**	**32.02**	**33.70**	**35.76**	**37.94**
Total General Fund Revenue	**182.60**	**192.31**	**187.67**	**189.22**	**191.41**

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, the loss of a major employer within the district boundaries, and the anticipated opening of the third Ann Arbor High School in determining the projected student FTE.

FY 2009 includes a budgeted increase of $90 per student. Over the last two years the State has experienced large shortfalls in revenue which has directly affected the State's ability to fund public schools. Therefore it is uncertain whether there will be any increase in the foundation allowance in the 2010 and the 2011 fiscal years.

In lieu of taxes, U of M's married housing, is converting to regular dormitories due to lack of demand. Final payment was received in fiscal year 2007.

Interest Income is projected to decrease slightly in fiscal year 2009 and remain flat over the next two years as interest rates have decreased.

A slight increase is expected over the next three years in Parking Project receipts.

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*	*$9,757*	*$90*	*.93%*
	Average Increase	***$145.53***	***1.71%***

*Projected Increase

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 projected increase is speculative at best. The projected per pupil increase of $90 is based on the most current information as the negotiating process continues between the House and Senate.

At this time, projecting the foundation allowance beyond FY08/09 is highly speculative due to the state's fiscal situation. For budget planning purposes, we are projecting no foundation increase for FY 09/10 and FY 10/11.

It is unlikely that we may receive final foundation allowance information from the state to meet the budget adoption timeline for 08/09. 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 transitioned to a PPO Plan for all support staff and administration. The district has realized some savings, however, with the continued rising health care costs, an increase of 6% is projected for 08/09 and 10% for FY 2010 and FY 2011.

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 2008/09 a rate of 16.54% will go into effect October 1, 2008. The 07/08 rate of 16.72% will continue through September 30, 2008. A 1.5 % increase over the 08/09 rate is projected for FY 09/10 and 10/11.

Utilities: Rates are based on negotiated contract prices. Most recently the district has been successful in signing a multi-year **gas contract**. The **electricity contract** expired in December 2005. 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 approximately 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 cost in 08/09 is $1.36 for every dollar the District spends on wages.

BUDGET SUMMARY

FISCAL YEAR 2008/09 BUDGET

Blended Count		**16,417**
Estimated Revenue (in millions)		**$187.67**
Expenditures: (in millions)		
Basic Expenditures		**$185.76**
Reductions:		
Budget Reduction Plan	($0.92)	
Salary Differential/Vacancy Savings	($0.75)	
Retirement Rate Adjustment	(0.20)	
		($1.87)
Additions:		
Step, FICA, Retirement, Fringes	$1.86	
Average Fringe Rate Increase	1.12	
AAEA Settlement (1.75%)	1.96	
Other Support Staff Settlement	0.14	
Early Retirement Incentive	0.84	
FTE Additions (Net 9.0 FTE's)	0.72	
		$6.64
Total Expenditures		**$190.53**

Note: Please refer to page 4 for Revenue assumptions and page 6 for Expenditure assumptions. On pages 13 & 14 you will find a detailed 2008/09 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	2007/08	2008/09	2009/10	2010/11
Blended Count:	**16,517**	**16,417**	**16,417**	**16,417**
REVENUES:				
TOTAL REVENUE (Updated 5/13/08)	**$192.31**	**$187.67**	**$189.22**	**$191.41**
EXPENDITURES:				
Basic Expenditures	**$183.07**	**$185.76**	**$190.99**	**$195.97**
Salary Differential/Vacancy Savings		($0.75)	($0.75)	($0.75)
Step, FICA, Retirement		$1.86	$1.91	$1.95
Fringe Increase		$1.12	$2.07	$2.27
Retirement Rate Adjustment		($0.20)	$1.75	$1.77
Utilities Increase		$0.00	$0.00	$0.40
AAEA negotiations settlement		$1.96	$0.00	$0.00
Other Barg. Units (settled contracts)		$0.14	$0.00	$0.00
Early Retirement Incentive Payout		$0.84	$0.56	$0.00
Projected FY 09 FTE Additions (net 9.0 ftes)		$0.72	$0.00	$0.00
Budget Reduction Plan		($0.92)	$0.00	$0.00
TOTAL EXPENDITURES	**$183.07**	**$190.53**	**$196.53**	**$201.61**
Balance/ Deficit	$9.24	($2.86)	($7.31)	($10.20)
Fund Equity - Beginning Balance	$ 26.55	$ 35.79	$ 32.93	$ 25.62
Fund Equity - Ending Balance (Est.)	$35.79	$ 32.93	$ 25.62	$ 15.42

ASSUMPTIONS:

- **Assumptions subject to change pending new developments in contract negotiations, state funding, student count, and other factors.**
- **Total basic expenditures in FY 08 are year-end estimates.**
- **Retirement rate decrease in FY 09 by (.18%) and increase of 1.50% in subsequent fiscal years.**
- **Fringe rate increase projected at 6%in FY09 and average of 10%in subsequent fiscal years.**
- **Includes only salary increases for bargaining units with settled contracts in FY 09.**

BUDGET PLAN
2008 – 2009

Revenue	Source	Budget Amount	Staffing Impact FTE
Reduce Revenue Transfer to Capital Needs	Maintenance and Facilities	$2,000,000	

Expenditure	Source	Budget Amount	Staffing Impact FTE
Reduce Lunch Supervision Costs	K-12	$300,000	
Reduce Paraprofessional Positions	Elementary Instruction	$120,000	3.0
Reduce Departmental Budgets	District-wide	$400,000	
Reduce Legal Expenses	Central Administration	$100,000	
Total Expenditure Reduction		**$920,000**	

GENERAL FUND RESOLUTION

GENERAL 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 Public Schools of the City of Ann Arbor for the fiscal year 2008/09.

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 2008/09 is as follows:

ITEM DESCRIPTION		AMOUNT
REVENUE		
Foundation Allowance		$153,970,000
Local Sources		3,010,000
State		11,220,000
Federal		-0-
Incoming Transfers & Other Transactions		19,470,000
TOTAL REVENUE		**$187,670,000**
UNDESIGNATED FUND BALANCE, JULY 1	**(Est.)**	$35,790,000
TOTAL Available to Appropriate		**223,460,000**
Less: Appropriated Fund Balance		-0-
TOTAL		**$223,460,000**

Note: Total revenues include all income generated for operational purposes by an ad valorem property tax levy of 4.2857 hold harmless mills for homestead and qualified agricultural property and 17.9694 mills for non-homestead property for the Public Schools of the City of Ann Arbor. The 2008 estimated taxable value, after TIF capture, is $4,677,905,698 and $2,920,043,488 for homestead and non-homestead property, respectively. The estimated revenue earned from the combined property tax revenue will be $71,019,394. In accordance with the "Truth in Budgeting Act", an additional millage rate of .3276 non-homestead mills, is included in the operating supplemental millage rate of 17.9694 on non-homestead property.

GENERAL FUND
PUBLIC SCHOOLS
GENERAL APPROPRIATIONS ACT

BE IT FURTHER RESOLVED that of the total $223,460,000 available to appropriate in the General Fund, $190,528,971 is hereby appropriated in the amounts and for the purposes set forth below:

ITEM DESCRIPTION		2008/09 PROPOSED BUDGET
EXPENDITURES		
Instructional Services:		
Basic Program		$87,116,358
Added Needs		19,340,449
Adult & Continuing Education		125,327
Other Employee Benefits *		-0-
Support Services:		
Pupil		$20,792,605
Instruction Staff		9,442,226
General Administration		1,912,984
School Administration		11,415,027
Operations		1,862,771
Custodial/Maintenance/Utilities		18,732,185
Pupil Transportation		7,327,362
Central Services		3,740,748
Other Employee Benefits *		818,373
Community Services		560,567
Outgoing Transfers/Other		2,571,989
	TOTAL	**$185,758,971**
Additions		6,640,000
Adjustments/Savings		(1,870,000)
	TOTAL	**$190,528,971**

***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 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, 2008.

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 18, 2008, 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	2007/08 GEN FUND STAFF FTES	SEPT., 2007 STUDENT FTES	2007/08 BUDGET (as of 3/31/08)	2008/09 PROPOSED BUDGET
REVENUES:					
Local Sources				$87,491,259	$84,191,259
State Sources				87,024,499	84,008,741
Federal Sources				$0.00	$0.00
Interdistrict Sources				17,800,000	19,470,000
TOTAL REVENUES				**$192,315,758**	**$187,670,000**
EXPENDITURES:					
INSTRUCTION SERVICES	**1XX**				
Elementary Instruction	111	363.25	7,093.32	$38,921,916	$38,601,458
Middle School Instruction	112	166.53	3,447.24	19,586,811	19,388,811
High School Instruction	113	255.84	5,555.53	28,140,285	28,634,765
Pre-kindergarten Instruction	118	2.44		115,262	115,262
Summer School Instruction	119	0.00		367,225	367,225
BASIC PROGRAMS	**11X**	**788.06**	**16,096.09**	**87,131,499**	**87,107,521**
Special Education Instruction	122	279.16	412.14	13,673,601	13,865,410
Compensatory Instruction	125	27.47	0.00	2,733,715	2,919,000
Career & Tech Education Instruction	127	19.92	0.00	2,586,039	2,556,039
ADDED NEEDS	**12X**	**326.55**	**412.14**	**18,993,355**	**19,340,449**
Adult Education Basic	131	0.80	21.85	103,502	103,502
Adult Education Secondary	132	0.00	0.00	21,825	21,825
ADULT & CONTINUING EDUCATION	**13X**	**0.80**	**21.85**	**125,327**	**125,327**
OTHER EMPLOYEE BENEFITS	**195**			**0**	**0**
SUPPORTING SERVICES	**2XX**				
Truancy/Absenteeism Services	211	3.00		154,653	154,653
Guidance Services Pupil	212	41.00		4,704,926	4,763,839
Health Services Pupil	213	18.40		1,737,951	1,737,951
Psychological Services Pupil	214	16.00		1,822,343	1,792,343
Speech Pathology/Audiology Pupil	215	31.90		2,962,085	2,947,085
Social Work Pupil	216	15.36		1,547,407	1,547,407
Teacher Consultants	218	39.50		5,004,935	4,970,435
Other Pupil Support Services	219	28.94		2,848,785	2,878,892
PUPIL	**21X**	**194.10**	**0.00**	**20,783,085**	**20,792,605**
Improvement of Instruction Staff	221	22.96		3,814,136	3,814,136
Educational Media Service	222	40.08		4,018,630	4,060,370
Supervision/Direction Instruction Staff	226	9.00		1,324,414	1,324,414
Other Instruction Staff Services	229	0.00		243,306	243,306
INSTRUCTIONAL STAFF	**22X**	**72.04**	**0.00**	**9,400,486**	**9,442,226**

The above totals are subject to change based on increase/decrease in staffing and pupil count, approved budget reductions and other budget adjustments in 08/09.

* Staff FTEs based on April 10, 2008 Salary Analysis

ANN ARBOR PUBLIC SCHOOLS
GENERAL FUND BUDGET

DESCRIPTION	FUNCTION CODE	2007/08 GEN FUND STAFF FTES	SEPT., 2007 STUDENT FTES	2007/08 BUDGET (as of 3/31/08)	2008/09 PROPOSED BUDGET
Board of Ed Administration	231	1.00		$671,406	$671,406
Executive Administration	232	8.60		1,241,578	1,241,578
GENERAL ADMINISTRATION	**23X**	**9.60**	**0.00**	**1,912,984**	**1,912,984**
Office of Principal School Admin	241	114.60		11,175,554	11,267,529
Other School Administration	249	0.00		147,498	147,498
SCHOOL ADMINISTRATION	**24X**	**114.60**	**0.00**	**11,323,052**	**11,415,027**
Fiscal Services	252	16.00		1,512,727	1,512,727
Internal Services	257	1.00		135,673	135,673
Other Business Services	259	0.00		214,371	214,371
BUSINESS SERVICES	**25X**	**17.00**	**0.00**	**1,862,771**	**1,862,771**
Operating Buildings Services	261	168.00		17,387,670	18,732,185
Facilities Monitor	266	1.00		0	0
OPERATIONS & MAINTENANCE	**26X**	**169.00**		**17,387,670**	**18,732,185**
PUPIL TRANSPORTATION	**27X**	**142.00**		**7,162,019**	**7,327,362**
Planning, Research, Development, Evaluation	281	4.00		366,268	366,268
Communication Services	282	3.00		424,006	424,006
Staff/Personnel Services	283	12.00		1,446,445	1,446,445
Non-Instructional Technology Services	284	15.50		1,461,578	1,461,578
Pupil Accounting	285	1.00		42,451	42,451
Other Central Services	289	0.00		0	0
CENTRAL SERVICES	**28X**	**35.50**	**0.00**	**3,740,748**	**3,740,748**
OTHER EMPLOYEE BENEFITS	**295**	**0.00**		**818,373**	**818,373**
COMMUNITY SERVICES	**3XX**				
Other Community Support Services	371	0.00		130,550	130,550
Other Community Services	391	3.00		430,017	430,017
Community Services - Employee Benefits	395	0.00	0.00	0	0
COMMUNITY SERVICES	**3XX**	**3.00**	**0.00**	**560,567**	**560,567**
TOTAL EXPENDITURES		**1,872.25**	**16,530.08**	**181,201,936**	**183,178,145**
OTHER FINANCING (SOURCES) USES:	**4XX**				
Payments to Other School Districts	411	0.00		0	0
Transfer to Grant Programs/Other	611	0.00		30,000	30,000
Transfer to Athletic Fund	621			2,541,989	2,550,826
Transfer to Capital Project	641			5,000,000	0
Transfer to Trust & Agency	661	0.00		0	0
TRANSFER TO OTHER FUNDS	6XX	0.00	0.00	7,571,989	2,580,826
OTHER FINANCING (SOURCES) USES		**0.00**	**0.00**	**7,571,989**	**2,580,826**
Total Expenditures and Other Financing (Sources) Uses:		**1,872.25**	**16,530.08**	**$188,773,925**	**$185,758,971**
08/09 Budget Additions: Step, Fringes, negotiated contracts, projected additional ftes, etc.					**$6,640,000**
08/09 Budget Reductions: Salary differential/vacancy savings, Budget Reduction Plan, Ret. Rate					($1,870,000)
TOTAL EXPENDITURE BUDGET					**$190,528,971**

The above totals are subject to change based on increase/decrease in staffing and pupil count, approved budget reductions, additions and other budget adjustments in 08/09.

* Staff FTEs based on April 10, 2008 Salary Analysis

OTHER FUNDS BUDGET RESOLUTIONS

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 2008/09 budget resolutions and budget details in this section for various funds other than General Fund.

FUND	**BUDGET**	**BUDGET MANAGER**
Athletic Fund	$ 2,855,826	Hunter/Cartwright/Davis
Millage & Capital Needs Fund*	$ 3,500,000	Randy Trent
Sinking Fund (estimated)**	$20,821,978	Randy Trent
Debt Service Fund	$17,369,824	Robert Allen
Food Service Fund	$ 3,686,875	Robert Allen
Recreation and Community Services Fund	$ 8,382,001	Sara Aeschbach
TOTAL - OTHER FUNDS	**$56,616,504**	

*Name changed to comply with audit recommendation (previously Building & Site – Two Mill Fund). Includes building maintenance, technology, repair/equipment & upgrades and copiers.

**Includes carryover from 2002 Sinking Fund

ATHLETIC 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 **Athletic Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2008/09.**

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 **Athletic 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 **Athletic Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2008/09** is as follows:

Revenue

Admissions	$ 245,000
Miscellaneous/Other	60,000
Incoming Transfers & Other Transactions	2,550,826
Total Revenue	**$2,855,826**

BE IT FURTHER RESOLVED that **$2,855,826** of the total revenue available to appropriate in the **Athletic Fund** is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Salaries and Benefits	$ 2,153,212
Non-Salary Items	702,614
Total Expenditures	**$ 2,855,826**

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.

ATHLETIC 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, 2008.

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 18, 2008 at the Public Library, Ann Arbor, Michigan.

____

DATE: ____________________
CITY OF ANN ARBOR, COUNTY OF WASHTENAW
STATE OF MICHIGAN

____
NOTARY

MILLAGE & CAPITAL NEEDS 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 **Millage and Capital Needs Fund** of the Public Schools of the City of Ann Arbor for the fiscal year 2008/09.

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 **Millage and 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 **Millage and Capital Needs Fund** of the Public Schools of the City of Ann Arbor for the fiscal year 2008/09 is as follows:

Revenue	
Appropriated From General Fund	$1,500,000
Total Revenue to Appropriate	**$1,500,000**

Note: Total revenues include all income generated for operational purposes by an ad valorem property tax levy of .3206 hold harmless mills for homestead and qualified agricultural property for the Public Schools of the City of Ann Arbor. The 2008 estimated taxable value, after TIF capture, is $4,677,905,698 for homestead property. The estimated revenue earned from the combined property tax revenue will be $1,500,000.

BE IT FURTHER RESOLVED that **$3,500,000** is hereby appropriated for the purposes set forth below:

Expenditures	
Capital Outlay/Non-salary	$3,500,000
Total Expenditures	**$3,500,000**

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 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, 2008.

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 18, 2008, at the Public Library, Ann Arbor, Michigan.

____

DATE: ________________
CITY OF ANN ARBOR
COUNTY OF WASHTENAW, STATE OF MICHIGAN

____
NOTARY

Millage and Capital Needs Fund
Proposed Budget Allocations
FY 2008/09

Facilities and Systems:	**FY 08/09**
Environmental	$200,000
Mechanical and Electrical	$1,300,000
Handicapped	$45,000
Roofing Repair/Replacement	$90,000
Custodial Equipment 10 year Replacement Cycle	$100,000
Maintenance Auxiliary Equipment 10 year Replacement Cycle	$85,000
Update Play Structures	$50,000
Domestic Plumbing Replacement	$50,000
Site and athletic improvements	$50,000
Classroom and Hallway Painting	$30,000
Stage Lighting, Controls, and Seating	$25,000
Flooring Replacement	$25,000
Contingency for Building Emergencies/Safety	$150,000
Total Proposed Facilities and Systems Budget Allocation	**$2,200,000**
ITD:	
Professional Development	$200,000
CIMS (Financial Systems)	$61,000
Filemaker (District License)	$30,000
Follet (School Book Program)	$20,000
Global Village (Web Presence)	$13,000
Miscellaneous (ECTC Budget, Sp. Ed and Non-Bondable Software	$46,000
Repair of Legacy Equipment (Computers and AV Equipment)	$150,000
SASI (Student Information)	$50,000
Annual Maintenance Contracts	$300,000
SIF Architecture (Systems Integration)	$30,000
Total Proposed ITD and Professional Development Budget Allocation	**$900,000**
District-wide Copiers	**$400,000**
Total 2008/09 Millage and Capital Needs Fund Allocation	**$3,500,000**

SINKING 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 **Sinking Fund** of the Public Schools of the City of Ann Arbor for the fiscal year **2008/09.**

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 **2008/09** is as follows:

Revenue

Revenue from Sinking Fund Property Tax (2008)	$7,716,358
Fund Balance from 2002 Sinking Fund	$6,586,089
Fund Balance from 2005 Sinking Fund	$6,242,903
	$20,545,350

BE IT FURTHER RESOLVED that **$20,545,350** 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 2005	$13,959,261
Sinking Fund Projects 2002	$ 6,586,089
	$20,545,350

Note: Total revenues include all income generated for operational purposes by an ad valorem property tax levy of .9861 hold harmless mills for homestead and qualified agricultural property and non-homestead property for the Public Schools of the City of Ann Arbor. The 2008 estimated taxable value, after TIF capture, is $4,677,905,698 and $2,920,043,488 for homestead and non-homestead property, respectively. The estimated revenue earned from the combined property tax revenue will be $7,716,358.

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 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, 2008.

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 18, 2008, at the Public Library, Ann Arbor, Michigan.

____

DATE: ______________
CITY OF ANN ARBOR
COUNTY OF WASHTENAW, STATE OF MICHIGAN

____
NOTARY

2003 Sinking Fund & Proposed Budget Allocations
FY 2008/09
(Supplemental Information)

Proposed Sinking Fund Projects/Budget Allocations:	
Planned Projects (To be Scheduled)	
Huron West Field	$2,000,000
Pioneer Folding Partitions	$100,000
Holloway Grand Stand	$1,200,000
Miscellaneous Traffic Safety Improvements/All Schools	$200,000
Pioneer Fire Loop	$500,000
Soft Costs/Fees/Permits	$400,000
Design and Construction Contingency	$1,000,000
Total Remaining to be Scheduled	**$5,400,000**

NOTE: Future projects have not been fully designed or bid. Potential environmental concerns at both Huron and Pioneer require a substantial design and construction contingency. Future work will be coordinated with the 2004 Comprehensive School Improvement Plan.

Note: Total excludes uncommitted fund balance as of March 31, 2008 of approximately $874,183.

DEBT 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 **Debt Service Fund** the Public Schools of the City of Ann Arbor for the fiscal year 2008/09.

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 2008/09 is as follows:

Revenue	**$ 18,295,092**
Total Revenue	**$ 18,295,092**

BE IT FURTHER RESOLVED that **$18,295,092** 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	**$ 8,950,000**
Interest/Agent's Fee	**$ 9,345,092**
Total	**$ 18,295,092**

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, 2008.

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 18, 2008 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 **2008/09.**

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 **2008/09** is as follows:

Revenue	
Local	$2,403,338
State	209,828
Federal	1,468,382
Incoming Transfers & Other Transactions	-0-
Total Revenue to Appropriate	**$4,081,548**

BE IT FURTHER RESOLVED that **$4,081,548** 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:

Expenditures	
Salaries	$1,000,267
Employee Benefits	344,091
Purchased Services	1,764,598
Supplies	575,919
Capital Outlay/Other	2,000
Transfer to General Fund	394,673
Total Appropriated	**$4,081,548**

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 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, 2008.

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 18, 2008 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 **2008/09.**

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 **2008/09** is as follows:

Revenue	Rec & Ed	EDO/PreSch./SACC	Total
Local	$4,762,815	$3,349,186	$8,112,001
State	$0	$0	$0
Other State	$0	$0	$0
Federal	$0	$0	$0
Fund Equity	$225,000	$45,000	$270,000
Total Revenue	**$4,987,815**	**$3,394,186**	**$8,382,001**

BE IT FURTHER RESOLVED that **$8,382,001** 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	$2,139,648	$2,000,100	$4,139,748
Employee Benefits	$745,842	$1,045,153	$1,790,995
Purchased Services	$1,508,768	$115,750	$1,624,518
Supplies & Materials	$280,750	$175,183	$455,933
Capital Outlay	$50,600	$-0-	$50,600
Other Expenses	$262,207	$58,000	$320,207
Total Expenditures	**$4,987,815**	**$3,394,186**	**$8,382,001**

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 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, 2008.

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 18, 2008 at the Public Library, Ann Arbor, Michigan.

____

DATE: ______________________
CITY OF ANN ARBOR, COUNTY OF WASHTENAW
STATE OF MICHIGAN

____
NOTARY

SUPPLEMENTAL INFORMATION

ENROLLMENT ANALYSIS

Comparison of District Enrollment Projections (Headcount)
Based on AAPS enrollment through September 2006

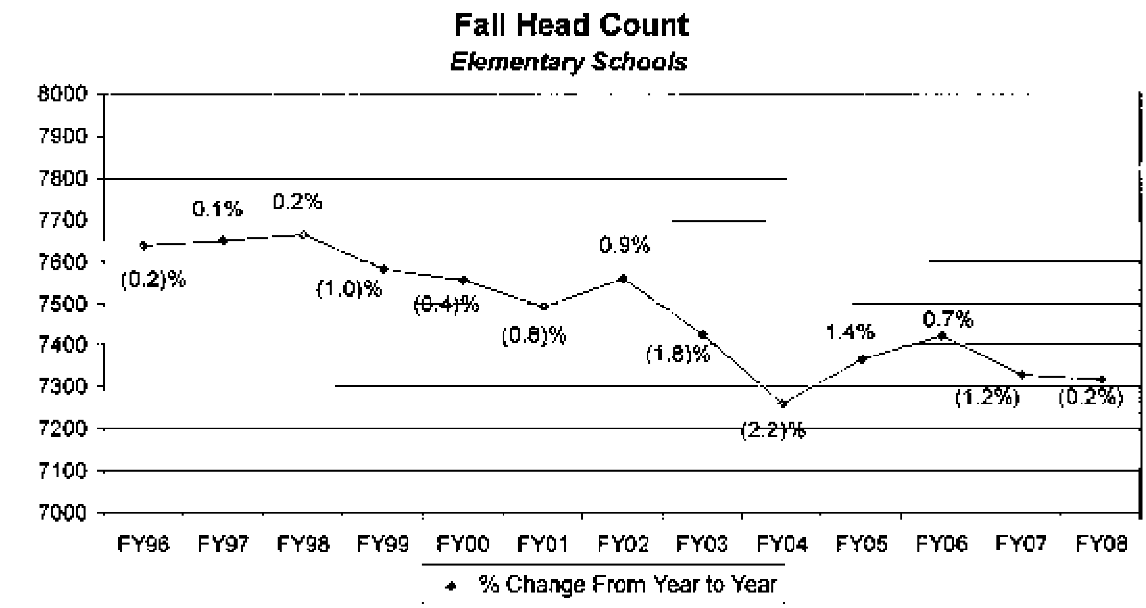
	AAPS			STANFRED					MIDDLE CITIES (NA)		
Grades K-5											
	5-Year	3-Year	1-Year	Low	Most Likely	High	**Facilities Planning[1]**	Budget Planning[2]	**5-Year**	Avg.	1-Year
07/08	**7388**	7404	7344	7305	7399	7499	**7432**	7336			
08/09	**7419**	7428	7330	7252	7431	7624	**7495**	7312			
09/10	**7415**	7416	7286	7194	7449	7726	**7541**	7279			
10/11	**7422**	7418	7264	7149	7469	7816	**7585**	7256			
11/12	**7429**	7423	7261	7122	7491	7896	**7626**	7245			
Grades 6-8											
	5-Year	3-Year	1-Year	Low	Most Likely	High	**Facilities Planning[1]**	Budget Planning[2]	**5-Year**	Avg.	1-Year
07/08	**3532**	3548	3526	3501	3536	3572	**3548**	3513			
08/09	**3545**	3581	3514	3483	3559	3635	**3584**	3508			
09/10	**3496**	3564	3473	3398	3512	3626	**3550**	3436			
10/11	**3554**	3635	3508	3434	3577	3721	**3625**	3482			
11/12	**3568**	3655	3498	3423	3599	3778	**3659**	3482			
12/13	**3573**	3637	3451	3373	3597	3837	**3677**	3448			
13/14	**3580**	3639	3430	3323	3607	3921	**3712**	3418			
Grades 9-12											
	5-Year	3-Year	1-Year	Low	Most Likely	High	**Facilities Planning[1]**	Budget Planning[2]	**5-Year**	Avg.	1-Year
07/08	**5444**	5442	5438	5318	5416	5513	**5448**	5351			
08/09	**5345**	5329	5316	5112	5279	5447	**5335**	5168			
09/10	**5324**	5296	5246	5019	5252	5482	**5329**	5097			
10/11	**5175**	5153	5061	4805	5102	5397	**5200**	4904			
11/12	**5134**	5134	4997	4728	5068	5412	**5183**	4841			
12/13	**5165**	5201	5009	4716	5109	5509	**5242**	4847			
13/14	**5112**	5177	4949	4631	5066	5518	**5217**	4776			
14/15	**5172**	5248	4965	4652	5139	5644	**5307**	4814			
15/16	**5203**	5265	4944	4610	5157	5744	**5353**	4792			
16/17	**5199**	5253	4899	4543	5165	5850	**5393**	4750			
Grades K-12											
	5-Year	3-Year	1-Year	Low	Most Likely	High	**Facilities Planning[1]**	Budget Planning[2]	5-Year	Avg.	1-Year
07/08	16,374	16,394	16,308	**16,124**	16,351	16,584	**16,429**	16,200	**0**	0	0
08/09	16,309	16,338	16,160	**15,847**	16,269	16,706	**16,415**	15,988	**0**	0	0
09/10	16,235	16,276	16,005	**15,611**	16,213	16,834	**16,420**	15,812	**0**	0	0
10/11	16,151	16,206	15,833	**15,388**	16,148	16,934	**16,410**	15,641	**0**	0	0
11/12	16,131	16,212	15,756	**15,273**	16,158	17,086	**16,467**	15,568	**0**	0	0

[1] Uses two times the "Most Likely" plus the "High" divided by three.

[2] Uses two times the "Low" plus the "Most Likely" divided by three.

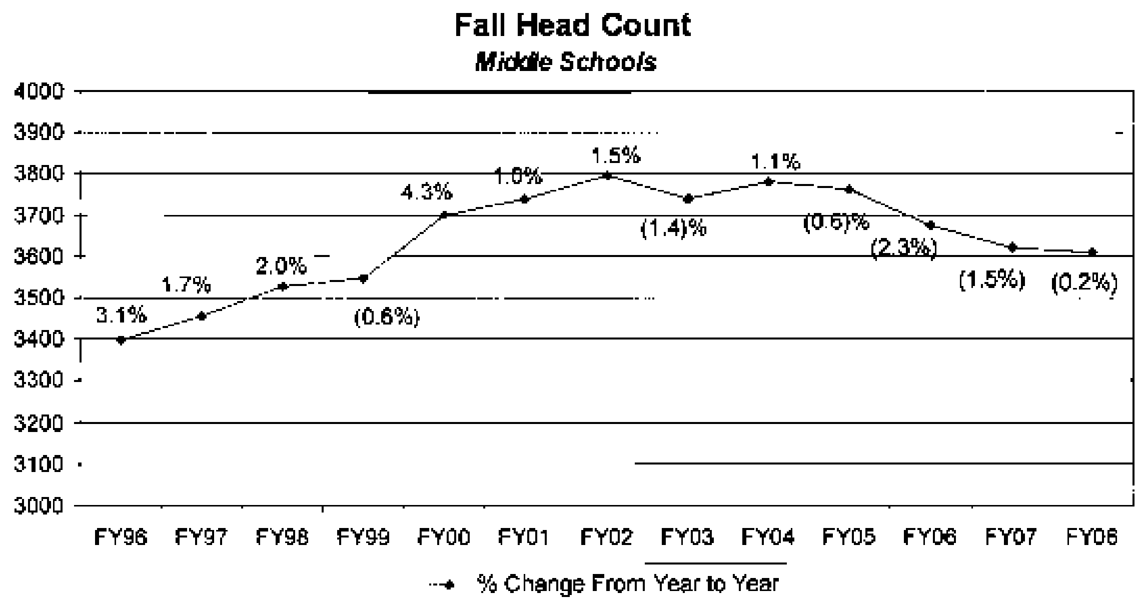
[3] Stone students not included in these projections which would add 180 to 200 students.

Fall Head Count



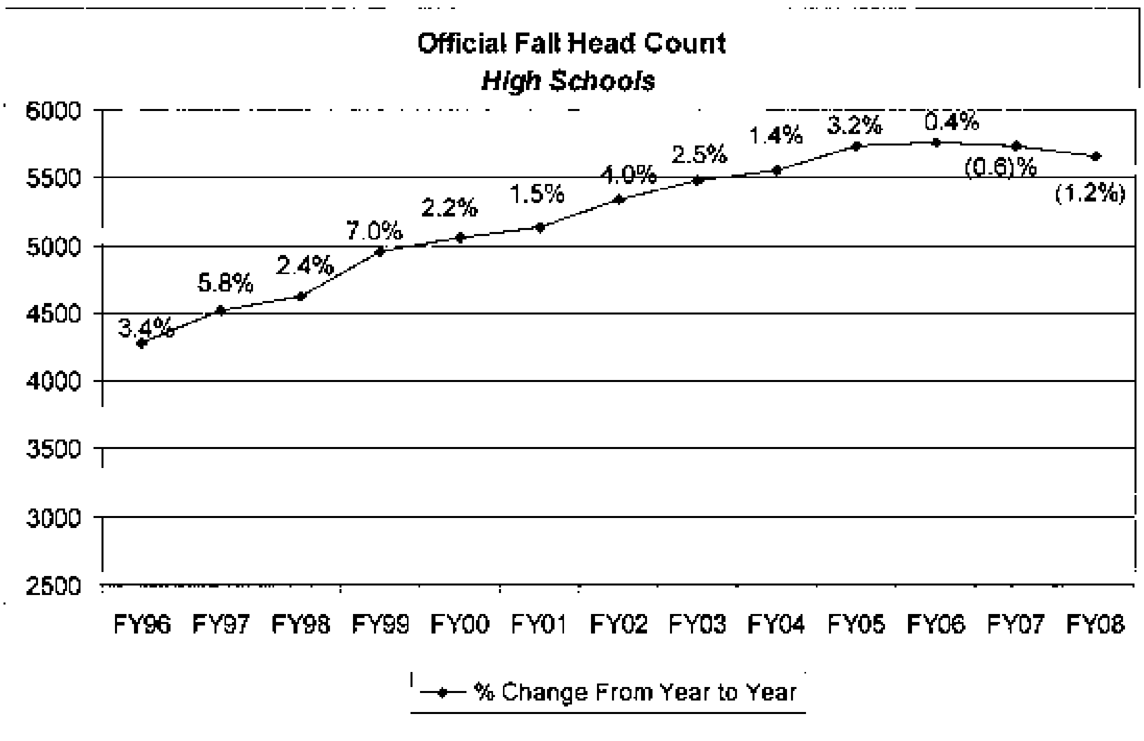
The most recent trend shows a decrease in enrollment over the past two years. Stanfred projects that the elementary enrollment should remain relatively flat for fiscal year 2008/09. Based on the most recent trend and state, as well as local economic factors, we are anticipating an overall decrease in our elementary enrollment of approximately 17 students for 2008/09.

Fall Head Count



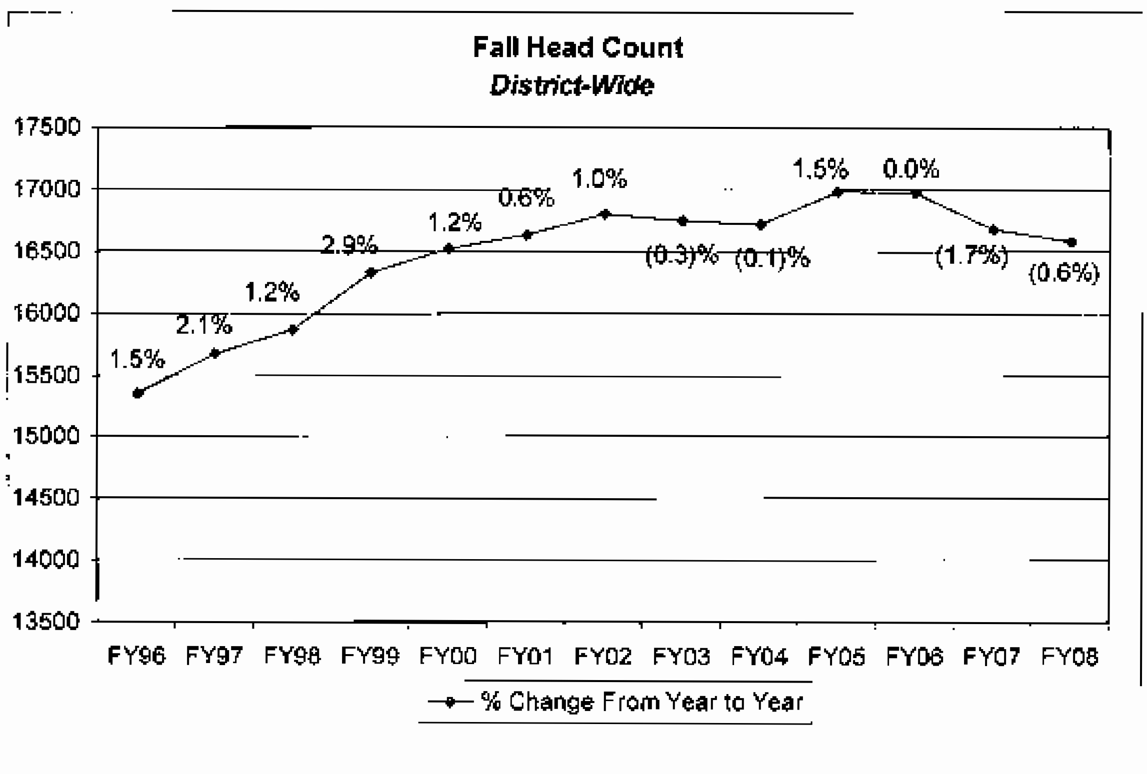
At the Middle School level, Stanfred projections suggest that there will be an annual decrease of approximately .28% over the next four years. We are projecting a decrease of approximately 10 students at the Middle School level for 2008/09.

Fall Head Count



At the High School level, Stanfred projects a steady 1.29% decline over the next four years. We believe the decline will be offset somewhat with the opening of Skyline High School in the Fall of 2008. Based on the current enrollment data we are projecting a decrease of approximately 73 students for 2008/09.

Fall Head Count



The projected enrollment District Wide shows a decline over the next five years ranging from .24% to 1.06% annually. After considering the impact of state and local economic conditions we are projecting a district wide decrease of approximately 100 students for fiscal year 2008/09.

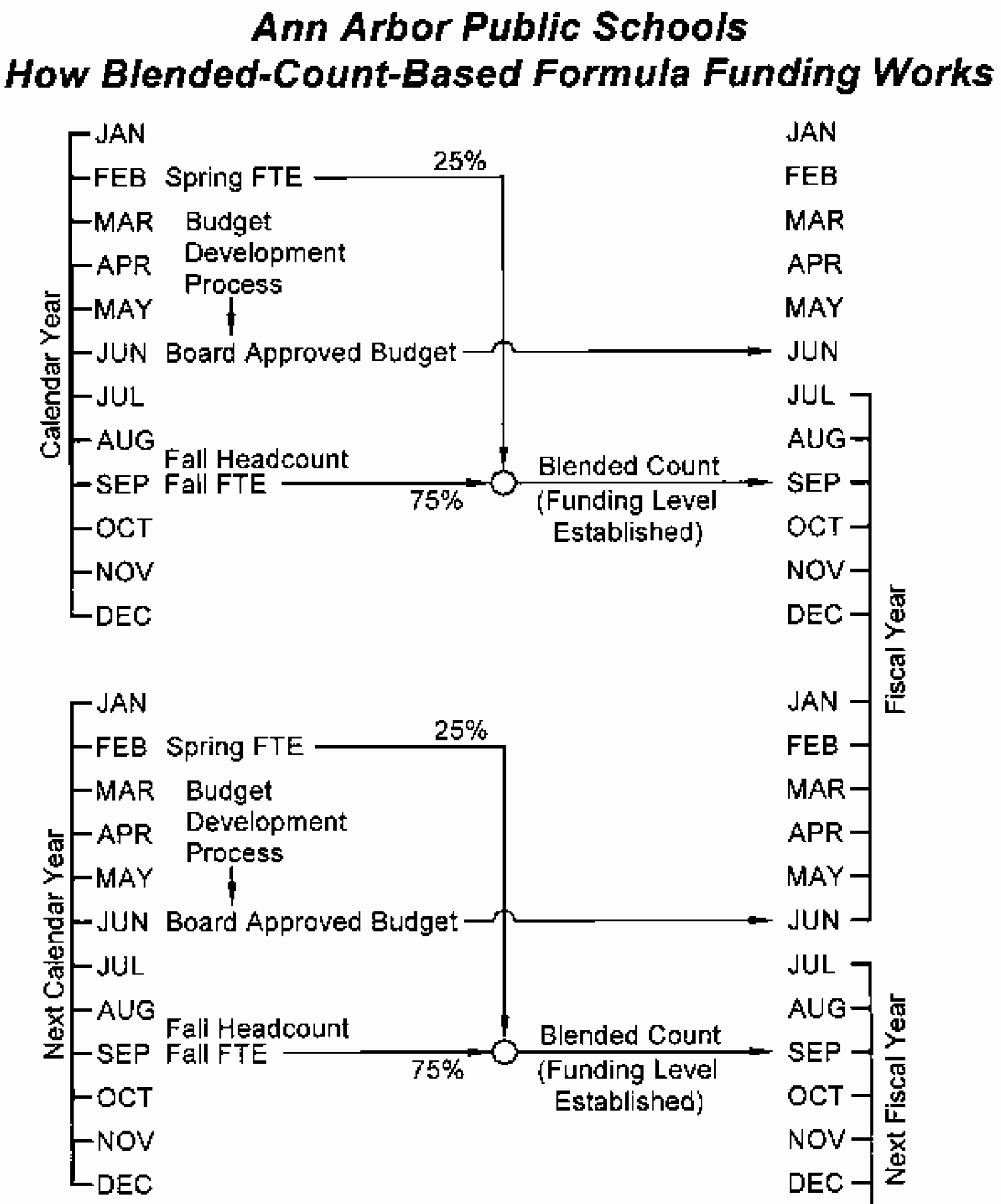
AAPS Historical Student Count

	Spring FTE (Feb. FTE)	Fall FTE (Sept. FTE)	Fall/Spring 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	16,508**	97	25/75	16,533**	16,533**	(1.18)	%	16,559

*Based on audited count   figures may change pending final state aid status report adjustments.
**Unaudited

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.



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.

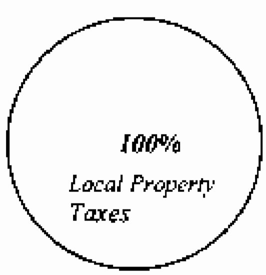
2. *What percentage of our foundation revenue (per pupil funding) comes from the state?*

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?*

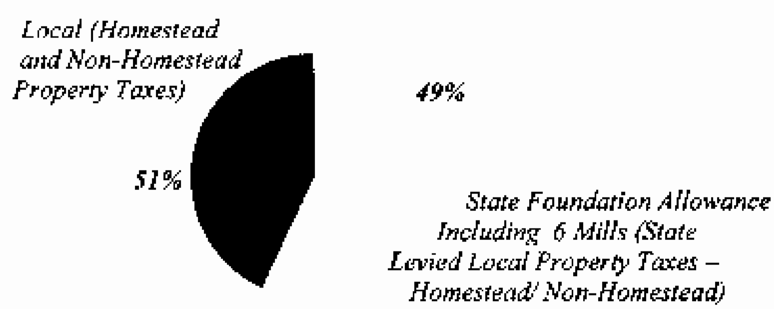
- Lower property taxes
- Shift funding from locally controlled and generated taxes to state funds (some of which, in turn, are recycled local property taxes)

Before Proposal A



Locally Levied

After Proposal A



State Formula Based (Foundation Allowance)

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 2008/09, AAPS expects to receive $9,757 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 2008/09, a sum of 25% of the February count and 75% of the September count.)

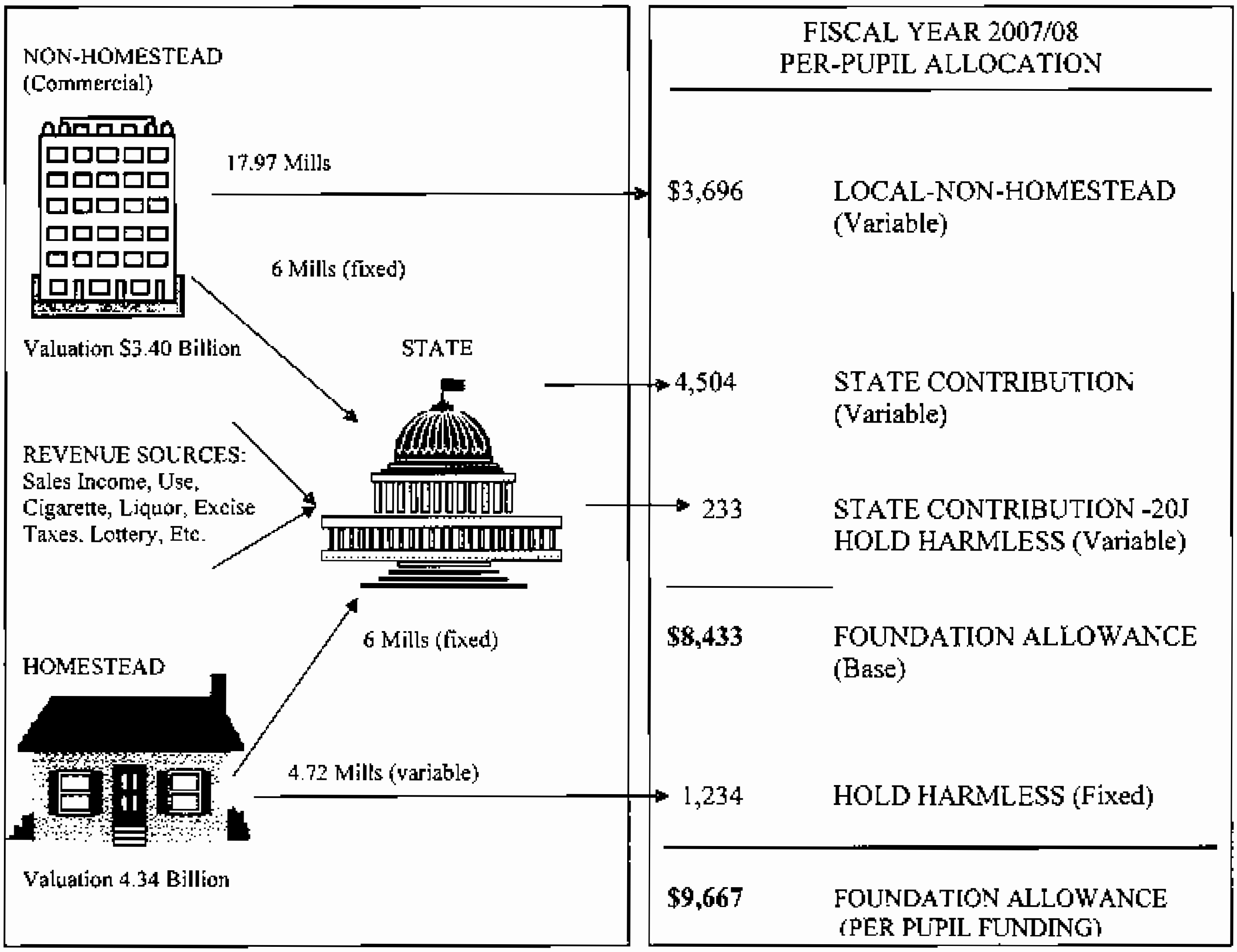
8. *What are the sources used to make up the School Aid Fund?*

SOURCE	AMOUNT USED
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 Facilities Tax	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.
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



Prior to FY 05/06, through a Board of Education resolution, $7 million of the per-pupil foundation was allocated to the Millage and Capital Needs fund.

Effective with the FY 05/06 budget, the allocation decreased from $7 million to $3.5 million. The Capital Needs funds are used for on-going maintenance costs which are not covered by the Bond or Sinking Fund. It is also used to support other expenses such as district wide copier service and technology repairs, services and software costs.

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 $3,696 per pupil (this is a variable rate and is subject to change). The chart reflects a slight rollback of the millage rate due to the Headlee override. This will need to be restored in the next couple of years.

- State contribution of approximately $4,504 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 $233 (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 is subject to reduction.

- Foundation allowance (base) for the 2007/08 fiscal year is $8433 per pupil. Included in the $8,433 is a fixed amount of $1,933 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:

FISCAL YEAR	SALARY	BENEFITS	TOTAL
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)	FY 07/08
Teachers	71.00%
Central Administrators	2.00%
Building Administrators & Other Directors	5.00%
Supervisors/Coordinators	1.00%
Other Support Staff/Hourly	21.00%

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 Funds, Debt Fund, Sinking Fund, Building and Site Fund, and Trust and Agency Funds which are described below.

- **Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources other than Trust and Agency Funds and major capital projects funds. Expenditures are restricted for specified purposes, such as:

  School Service Funds - These funds are used to account for the operation of a school district's food services and athletic programs. Receipts come from school lunch food sales, adult lunches, catering service and gate receipts for school athletic events.

  Recreation Fund - This fund is used to account for the operation of recreational and enrichment programs offered to the community. City residents as well as non-resident are charged a minimal fee for program registration. A portion of this fund comes from the city.

- **Debt Retirement Fund** - This fund accounts for bonds issued by the school district. The fund is 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.)

- **Building and Site Fund** - This fund is used to account for the district's land acquisition and construction of buildings and major equipment purchases.

- **Trust and Agency 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 awarded to students as scholarships.

RECURRING vs. ONE-TIME FUNDS

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

Examples of
Recurring vs. One-Time Funds

Recurring *(but variable)*	One-Time
• Foundation Allowance • Blended Count • Special Ed Categorical • Interest Income	• 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 $28 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 one sixth year 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 accumulating 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, we anticipate that our state government will face 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.

FY 2007/08 GRANTS

FY 2007/08 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 2007/08 along with a description of each program is listed below.

Description	***Award***
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; and preschool transportation support. Total includes carryover funds from 2006/07.	$2,611,560
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.	1,858,690
IDEIA - Preschool: Federal funds to provide services for "at risk" 3-6 year old preprimary impaired children and their parents.	781,173
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.	191,859
IDEIA - Independent Individual Education Evaluation: Federal funds to provide services for staff or parents who request an outside independent evaluation of identified or suspected disabled students.	5,120
IDEIA - Professional Staff Development: Federal funds to facilitate the goals of the department and to further the professional growth of the special education staff.	166,309
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
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.	750,015

Michigan School Readiness, Early Childhood Development: State funded preschool program to serve "at risk" four year old students and their parents. Includes funding for Parent Involvement & Education.	255,400
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.	150,107
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.	2,800
Safe and Drug-Free Schools and Communities: Federal funds to provide support for the district's ongoing substance abuse prevention & intervention, violence prevention, and parent programming. Grades 6-12. Total includes carryover funds from 2006/07.	62,811
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. Class-Size Reduction contained in this grant targeting grades K-1 in order to effect early learning opportunities. This year's funds will be used to support Mitchell school. Total includes carryover funds from 2006/07.	813,185
Title II, Part D, Enhancing Education Through Technology: Federal funds to support Read 180 program and technology support to non-public schools. Total includes carryover funds from 2006/07.	43,241
Title V, Innovative Education Programs: Federal funds to provide professional development activities in accordance with Title II, focused on student achievement of core academic standards; activities to encourage and expand district-wide improvements designed to advance student academic achievement; support to non-public schools focused on student achievement of core academic standards and establishment or enhancement of preschool programs. Total includes carryover funds from 2006/07.	6,841
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 2006/07.	174,339
Adult Education Literacy Program: Federal funds to provides students with classes in Literacy instruction and for second semester of this year, GED preparation. 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.	64,200
Ann Arbor Educational Foundation: Local funds to support thirty-nine mini grants were awarded to various schools to enhance educational efforts. Schools receiving awards are: Ann Arbor Preschool, Ann Arbor Open, Abbot, Angell, Bach, Burns Park, Carpenter, Clague, Clemente, Community, Forsythe, Haisley, Huron, Lakewood, Lawton, Logan, Northside, Pattengill, Pioneer, Scarlett, Slauson and Stone.	32,554
National Science Teachers Association Toyota Tapestry Grant Program: Local funds to support Catherine Campbell's Genetics and Evolution Through Poecilla Winge fish breeding system.	9,200
Michigan Education Association AAPS AAEA-AAEA/P Partnership: Local funds to support association leaders in training and support for Achievement Gap Initiatives jointly supported by AAPS & NEA initiatives. Funding will also be used to supplement professional development and leadership training for the district Paraprofessionals. Funds carried over from 2006/07.	21,541

Early Reading First: Federal funds through Wayne State University for Michigan Preschoolers Acquiring Language & Literacy (MI-PAL). The program supplements the preschool literacy curriculum with a focus on instructional planning based on assessment, increasing vocabulary, and reinforcing phonological awareness skills. Funds carried over from 2006/07.	303,013
Thurston Pond Restoration Project: Federal funds through U.S EPA and Michigan Department of Environmental Quality (MDEQ) to restore Thurston pond. Year 3 of 3-year grant.	215,780
Safe & Drug-Free Schools & Communities – National Program Readiness and Emergency Management for Schools (REMS): Federal funds through U. S. Department of Education. The grant will provide funding for use in developing new emergency response plans and protocols that meet local, state and federal guidelines including the National Incident Management System (NIMS), the Incident Command System (ICD), the National Response Plan (NRP), and state Homeland Security Plans.	244,624
Ann Arbor Educational Foundation: Local funds to support the purchase of MY ACCESS. My Access is highly sophisticated technology support writing software. The program offers intellimetric feedback to students using developmentally appropriate writing prompts for grades 4-12 -- consistent with the 6-point rubric used by the MEAP and college entrance assessments.	45,000
Washtenaw Intermediate School District Leadership & Design, Reading Apprenticeship, and Leadership Academy. Local funds to support leadership & design teams at each comprehensive high schools, with focus on smaller learning communities and literacy. At Eberwhite, Lakewood, Northside, Thurston and Wines Elementary Schools the focus is to create a learning environment whereby student achievement cannot be predicated due to social factors such as race, social economic status, ability or language.	24,928
Community Foundation for Southeast Michigan Detroit Auto Dealers Association (DADA) Early Childhood Learning Program: Local funds to support First Steps Washtenaw with children between the ages of birth and entry into kindergarten. This funding will allow First Steps to expand their class offerings to include Music Together, an internationally recognized music curriculum for young children, as well as increasing the program's accessibility to at-risk families and updating their Parents as Teachers Curriculum.	30,000
Lowe's Toolbox For Education: Local funds provided to Landscape the Front Yard at Stone High School's Entry.	3,000
TOTAL 2007/08 GRANTS	$8,959,650

Note: Only out-of-district sources (state, federal, foundations and private donations) are included.

SPECIAL EDUCATION REPORT

SE-4096
(Page 3)

SPECIAL EDUCATION ACTUAL COST REPORT

(July 1, 2006 through June 30, 2007)

District Name: ANN ARBOR PUBLIC SCHOOLS

District Code: 81010

Funding Source (Check One)

[XX] Section 52

[ ] Section 53

PERSONNEL — List personnel in school year full-time equivalency, prorate to tenths (.0)

Refer to the "Special Education List of Allowable Expenditures" for a description of reimbursable items by function and object codes

		Function Codes	Profes-sional	Reimb. Aides	Salaries 1000	Benefits 2000	* Purchased Services 3000-4000	Supplies and Materials 5000	Capital Outlay 6000	Other Expenditures 7000	TOTAL
			1	2	3	4	5	6	7	8	9
1	122	LRE Classroom Aides	0.00	127.4	$ 2,624,681	$ 1,893,969	$ 5,537	$ 2,310		$ -	4,526,477
2		Educable Mentally Impaired	13.00	24.00	$ 1,212,636	$ 526,318	$ 10,041	$ 2,038		$ -	1,751,035
3		Trainable Mentally Impaired	0.00	0.00	$ -	$ -	$ -	$ -		$ -	-
4		Severely Mentally Impaired	0.00	0.00	$	$ -	$ -	$ -		$ -	-
5		Emotionally Impaired	5.00	7.00	$ 402,386	$ 183,975	$ -	$ 3,301		$ -	589,662
6		Learning Disabled	0.00	0.00	$ -	$ -	$ -	$ -		$ -	-
7		Hearing Impaired	5.00	3.00	$ 514,489	$ 254,597	$ -	$ 3,381		$ -	772,447
8		Visually Impaired	0.00	0.00	$ -	$ -	$ -	$ -		$ -	-
9		Physically Impaired (PoHI)	3.00	13.00	$ 472,606	$ 227,378	$ 160	$ 1,384		$ -	701,528
10		Severely Multiply Impaired	0.00	0.00	$ -	$ -	$ -	$ -		$ -	-
11		Preprimary Impaired	8.50	18.80	$ 450,752	$ 231,996	$ 14,427	$ 6,117		$ -	703,292
12		Severely Language Impaired	2.30	0.00	$ 114,904	$ 36,408	$ -	$ -		$ -	151,290
13		Autistic Impaired	0.00	0.00	$ -	$ -	$	$		$ -	-
14		Resource Room	40.40	0.00	$ 2,458,522	$ 1,030,524	$ -	$ 182		$ -	3,497,228
15		Section 24 Programs	0.00	0.00	$ -	$ -	$ -	$ -		$ -	-
16		SUB-TOTAL	77.20	193.20	$ 8,248,816	$ 4,365,163	$ 30,185	$ 18,713		$ -	$ 12,662,959
17	213	Nurses' Occ. Therapist/ Physical Ther.	11.38	0.00	$ 775,424	$ 306,074	$ 309,274	$ 151		$ -	$ 1,390,923
18	214	Psychological	17.00	0.00	$ 1,233,293	$ 503,634	$ 26,574	$ 545		$ -	$ 1,764,046
19	215	Speech & Audiology	28.10	0.00	$ 1,837,997	$ 710,089	$ 62,506	$ 547		$ -	$ 2,611,139
20	216	Social Work	17.20	0.00	$ 1,156,540	$ 425,791	$ 1,185	$ 765		$ -	$ 1,586,281
21	217	Visual Aid	0.00	0.00	$ -	$ -	$ -	$ -		$ -	$ -
22	218	TC/Mentally Impaired	6.90	0.00	$ 486,554	$ 201,416	$ -	$ -		$ -	$ 689,972
23	218	TC/Emotionally Impaired	21.00	0.00	$ 1,326,573	$ 531,384	$ -	$ -		$ -	$ 1,857,957
24	218	TC/Learning Disabled	15.60	0.00	$ 1,281,618	$ 496,403	$ -	$ -		$ -	$ 1,778,021
25	218	TC/Hearing Impaired	0.50	0.00	$ 38,493	$ 15,533	$ 64	$ -		$ -	$ 54,090
26	218	TC/Visually Impaired	0.00	0.00	$ -	$ -	$ -	$ -		$ -	$ -
27	218	TC/POHI	0.00	0.00	$ -	$ -	$ -	$ -		$ -	$ -
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	$ 17,068	$ 4,334	$ -	$ -		$ -	$ 21,402
31	219	Other Pupil Support (3.00 ftes coords)	3.00	0.00	$ 166,206	$ 53,078	$ 110,817	$ 1,839		$ -	$ 330,940
32	221	Improvement of Instruction	0.00	0.00	$ -	$ -	$ -	$ -		$ -	$ -
33	226	Supervision/Direction	5.00	0.00	$ 493,699	$ 152,800	$ 16,215	$ -		$ 1,027	$ 663,741
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		SUB TOTAL	129.66	0.00	$ 8,826,465	$ 3,400,548	$ 526,635	$ 3,847		$ 1,027	$ 12,758,522
38		SUBTOTAL 16 + 37	206.86	193.20	$ 17,075,383	$ 7,765,711	$ 556,800	$ 22,560		$ 1,027	$ 25,421,481
39		Indirect Costs (10.75%)								2,732,809	2,732,809
40	231	Board of Education/Adjustments			$ -		$ -	$ -		$ -	-
41		Capital Outlay (Line 16 + 37)							$ -		-
42	261	Direct Operation & Maintenance			$ -		$ -	$ -		$ -	-
43	271	Pupil Transportation (Sec. 53 Only)			$ -		$ -	$ -		$ -	-
44		Tuition - MSD					$ -				-
45		SUBTOTAL LINES (39 - 44)			$ -	$ -	$ -	$ -	$ -	$ 2,732,809	2,732,809
46		TOTAL COST	206.86	193.20	$17,075,383	$ 7,765,711	$556,800	$22,560	$ -	$ 2,733,836	28,154,290

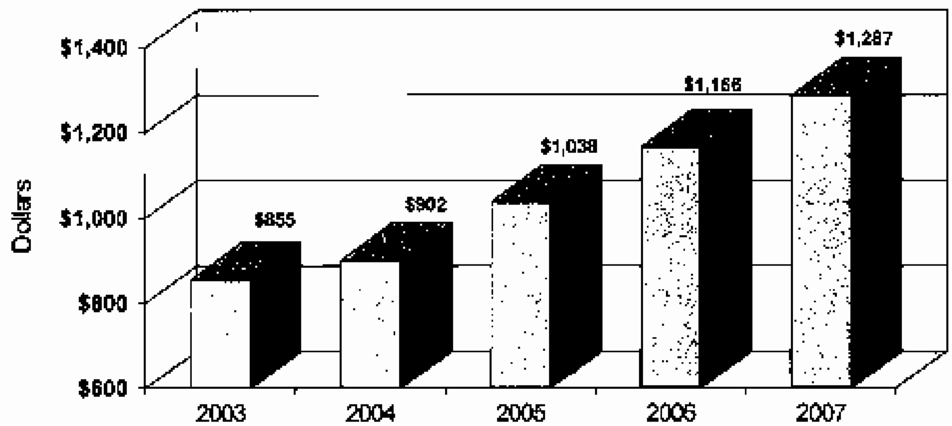
* Includes only teacher and teacher asst. ftes.

REVISED 11.20.07

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



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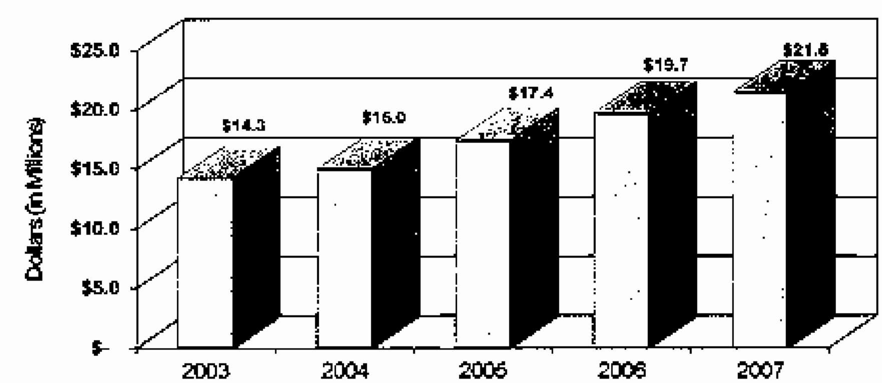
Public Schools of the City of Ann Arbor
Retirement Funding - MPSERS Expense
Year Ended June 30



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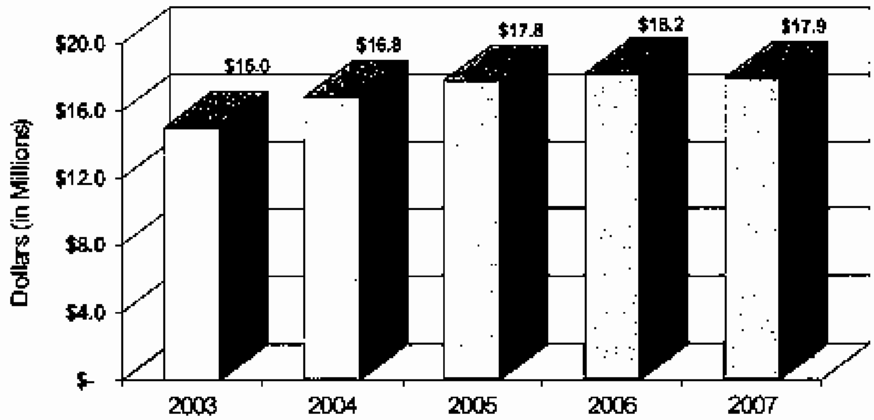
Public Schools of the City of Ann Arbor
Health Related Insurance Costs
Year Ended June 30



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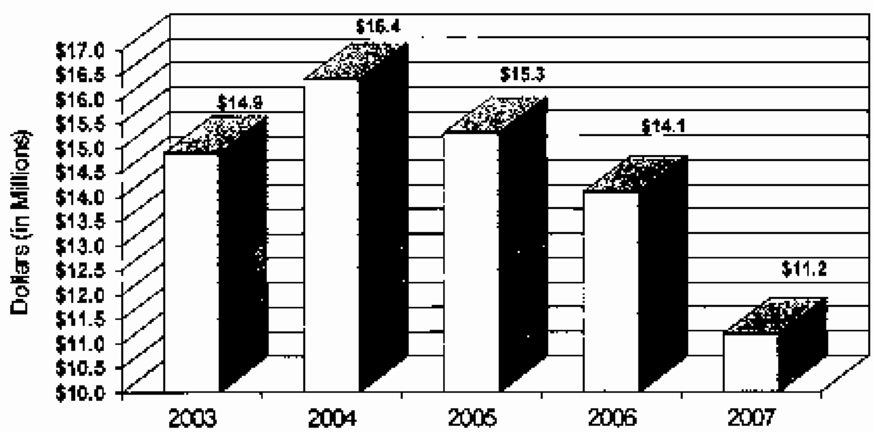
Public Schools of the City of Ann Arbor
Compensated Absences Liability
Year Ended June 30



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SCHEDULE OF COMPARATIVE STATISTICS

PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR

SCHEDULE OF COMPARATIVE STATISTICS
YEARS ENDED JUNE 30, 2007, 2006 AND 2005

	2007	2006	2005
NUMBER OF PUPILS (Note 1):			
Kindergarten	1,238	1,240	1,253
Grades 1-5	6,183	6,224	6,153
Grades 6-8	3,626	3,708	3,782
Grades 9-12	5,683	5,680	5,629
TOTAL NUMBER OF PUPILS	16,730	16,852	16,817
REVENUES, TRANSFERS AND OTHER TRANSACTIONS - GENERAL FUND (Note 2):			
Local sources	$ 77,535,351	71,234,992	64,627,859
State sources	89,683,014	90,100,609	84,043,053
Transfers and other transactions	15,413,033	14,897,971	13,703,419
TOTAL REVENUES, TRANSFERS AND OTHER TRANSACTIONS - GENERAL FUND	$ 182,631,398	176,233,572	162,374,331
EXPENDITURES, TRANSFERS AND OTHER TRANSACTIONS - GENERAL FUND (Note 2 & Note 3):			
Instruction	$ 104,515,782	102,679,056	98,352,475
Support services - Pupil and instructional st	28,306,516	28,647,770	26,710,556
Support services - other	43,402,233	44,964,413	42,338,672
Community services	528,027	503,304	514,181
Transfers and other transactions	2,920,009	3,418,385	3,392,439
TOTAL EXPENDITURES, TRANSFERS AND OTHER TRANSACTIONS - GENERAL FUND	$ 179,672,567	180,212,928	171,308,323
COST PER PUPIL:			
Instruction	$ 6,247.21	6,092.99	5,848.40
Support Services - instructional staff (Note 4)	1,866.50	1,902.81	1,790.03
Support services - other	2,594.28	2,668.19	2,517.61
Community services	31.56	29.87	30.58
TOTAL COST PER PUPIL	$ 10,739.55	10,693.86	10,186.62

Concluded

PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR

SCHEDULE OF COMPARATIVE STATISTICS
YEARS ENDED JUNE 30, 2007, 2006 AND 2005

		2007	2006	2005
TAXABLE VALUE (in thousands):				
Homestead	$	4,105,786	3,846,323	3,606,676
Non-Homestead		3,209,374	2,845,883	2,725,154
TAXABLE value (in thousands)	$	7,315,160	6,692,206	6,331,830
Per pupil	$	437,248	397,116	376,514
LEVIED TAX RATE (Mills):		H / NH	H / NH	H / NH
Hold Harmless/Operating		4.9766/17.9694	5.5088/17.9730	5.6538/17.9730
Debt Service		2.2854/2.2854	2.3014/2.3014	2.0086/2.0086
Sinking Fund		.9861/.9861	.9922/.9922	1.4921/1.4921
TOTAL LEVIED TAX RATE		8.2481/21.2409	8.8024/21.2666	9.1545/21.4737
PROPERTY TAX REVENUES:				
General Fund (Hold Harmless/Operating)	$	72,662,947	68,513,226	62,209,085
Capital Projects (Hold Harmless)		3,510,803	3,517,847	7,020,717
Debt Service (Note 5)		16,789,520	15,829,582	13,066,045
Sinking Fund (Note5)		7,244,309	6,824,589	9,705,881
		100,207,579	94,685,244	92,001,728
PROPERTY TAX LEVIES PER PUPIL:				
General Fund	$	4,343.27	4,065.58	3,699.18
Capital Projects		209.85	208.75	417.48
Debt Service		1,003.56	939.33	776.95
Sinking Fund		433.01	404.97	577.15
TOTAL PROPERTY TAX LEVIES PER PUPIL	$	5,989.69	5,618.63	5,470.76
STATE AID:				
Foundation	$	79,429,788	81,229,389	80,610,804
TOTAL STATE AID FOUNDATION PER PUP	$	4,748	4,820	4,793
TEACHER SALARY SCALE:				
Minimum	$	38,098	37,260	36,350
Maximum	$	84,573	82,710	80,690
NUMBER OF CONTRACTUAL TEACHERS		1,181	1,187	1,188

Concluded

PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR

SCHEDULE OF COMPARATIVE STATISTICS
YEARS ENDED JUNE 30, 2007, 2006 AND 2005

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.

Concluded

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

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

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

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		**These are instructional activities dealing directly with the teaching of pupils or the interaction between teacher and pupils.** 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.
INSTRUCTION	Basic Program	**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.** Included are Pre-School, Elementary, Middle School, and High School and other basic programs such as summer school and enrichment programs. Costs that can be attributed to direct classroom/student expenses are charged under the categories noted above: • classroom teacher salaries and benefits • classroom teacher assistant salaries and benefits • substitute teachers • teacher hourly salaries • field trips • instructional supplies and materials, textbooks, repair of classroom equipment, new and replaced equipment, printing, periodicals, subscriptions, and other • a-v materials, library books, etc. • contracted services, workshops & conferences/travel <u>Examples of costs are</u>: *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*

ACCOUNT CODE FUNCTION DEFINITIONS

INSTRUCTION	**Added Needs**	**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.** Compensatory education costs are accounted for in federal fund, not general fund since funds for programs such as Title I come from federal sources. Costs that can be attributed to direct special education, vocational education, compensatory education and other added needs' classroom/student expenses are as follows: • classroom teacher salaries and benefits • classroom teacher assistant salaries and benefits • substitute teachers • teacher hourly salaries • field trips • instructional supplies and materials, textbooks, repair of classroom equipment, new and replaced equipment, printing, periodicals, subscriptions, and other • a-v materials, library books, etc. • contracted services, workshops & conferences/travel *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.*
INSTRUCTION	**Adult/ Continuing Education**	**Learning experiences designed to develop knowledge and skills to meet educational objectives of adults.** 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

ACCOUNT CODE FUNCTION DEFINITIONS

INSTRUCTION	**Adult/ Continuing Education (continued)**	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.
SUPPORTING SERVICES		**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.**
SUPPORTING SERVICES	**Pupil**	**Services which are designed to assess and improve the well-being of pupils and to supplement the teaching process.** 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. Costs that can be attributed under these categories are: • salaries and benefits for auxiliary services staff such as: psychologist, social worker, speech therapist, teacher consultant, guidance counselor, occupational therapist • salaries and benefits for community assistants • hourly salaries for noon supervisors and monitors • supplies and materials, repair of equipment, new and replaced equipment, printing, periodical and subscriptions, psychological testing supplies. • contracted services, workshops & conferences/travel *Examples: conflict management costs, TB & Flu shots, attendance secretaries, noon supervisors, hall monitors, homebound students' costs, crossing guards, police security in high schools*

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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 <u>*Examples*</u>*: 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

SUPPORTING SERVICES	**School Administration**	**Consists of those activities concerned with overall administrative responsibility for a single school.** Costs that can be attributed under this category: • Principals, assistant principals, class principals, and secretaries' salaries and benefits • Principals' office supplies and materials, equipment and repair • Summer school principals' hourly cost and their hourly help • Postage, office supplies and materials • Secretary hourly
SUPPORTING SERVICES	**Business Services**	**Activities concerned with purchasing, paying, transporting, exchanging and maintaining goods and services for the school district.** Included are the fiscal acquisition of facilities, and internal services for operating all schools. Costs attributed under this category are as follows: • 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 • supplies and materials, maintenance and repair of equipment, • new and replacement of equipment • printing, postage, membership dues, subscriptions • contracted services *<u>Examples</u>: lease payments for district printer/duplicator, payroll and accounts payable checks, rental of commencement site, vehicle, property, liability insurance, bank charges, theft replacement.*
SUPPORTING SERVICES	**Operation and Maintenance of Plant**	**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.** This includes activities of maintaining safety in buildings, on the grounds and in the vicinity of schools. All utility

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

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 <u>Examples:</u> *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 <u>Examples:</u> *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

Benefits	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.
Blended Membership Count	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.
Categorical Funding	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.
Foundation Allowance	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.
FTE	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.]
Hold Harmless Millage	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.]
Homestead Property	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

Local Assessed Valuation	The value placed upon each piece of property by the local assessor within his/her jurisdiction.
Millage	The rate of taxation applied to the taxable value representing 1/1000 of a dollar.
Non-Homestead Property	Any dwelling, that is not owned and occupied as a principal residence by the owner, i.e., commercial, industrial or rental of second homes.
Non-Homestead Millage	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.
Other Support Staff	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.
Proposal A	An amendment to the State Constitution of 1963 voted by Michigan voters on March 15, 1994, which became effective April 30, 1994. 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. 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. 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%).

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 supervisors 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.)