

MEMORANDUM

I.4. Approve 2011/2012 Appropriation Act Amendment for General and Special Revenue Funds**Mr. Sederlund**

RECOMMENDED MOTION: "That the following resolution be adopted by the Board of Education to approve the General Fund, Food Service Fund, and Macomb International Academy budgets for the 2011/2012 fiscal year. Further request that the reading of the resolution be waived."

RESOLVED, that this resolution shall be the General Fund Appropriation Act of Chippewa Valley Schools for fiscal year 2011/2012 to provide for the expenditure of the appropriation; and to provide for the disposition of income received by Chippewa Valley Schools.

BE IT FURTHER RESOLVED that the total revenues and fund balance estimated to be available for appropriations in the General Fund of the Chippewa Valley Schools for the fiscal year 2011/2012 originally adopted June 20, 2011 be amended as follows:

Revenue	
Local	\$20,121,595
State	104,916,935
Federal	5,382,613
Transfers & Others	725,871
Total Revenue	\$131,147,014
Fund Balance July 1, 2011	\$16,944,274
Total Available to Appropriate	\$148,091,288

BE IT FURTHER RESOLVED, that \$133,684,618 of the total available to appropriate in the General Fund is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures

Instruction

Basic Programs	\$71,900,277
Added Needs	13,992,050
Adult and Continuing Education	125,381

Support Services

Pupil	12,619,802
Instructional Staff	3,761,701
General Administration	663,856
School Administration	8,216,655
Business	2,226,352
Operations & Maintenance	9,528,672
Transportation	4,074,016
Central	2,429,906
Other Support (Athletics, CTE)	2,103,655
Community Services	1,034,295
Outgoing Transfers & Other	1,008,000

Total Appropriated \$133,684,618

Estimated Fund Balance June 30, 2012 \$14,406,670

BE IT FURTHER RESOLVED, that the revenue from the millage levy of 18.000 mills on non-homestead and non-qualified agricultural property be certified and be used towards the District's 2011/2012 operating expenditures. As provided by in the Act related to the Michigan Business Tax, Personal Industrial Property is exempt from the 18 mills and Personal Commercial Property is exempt from 12 of the 18 mills.

RESOLVED, that this resolution shall be the Food Service Appropriation Act of Chippewa Valley Schools for fiscal year 2011/2012 to provide for the expenditure of the appropriation; and to provide for the disposition of income received by Chippewa Valley Schools.

BE IT FURTHER RESOLVED that the total revenues and fund balance estimated to be available for appropriations in the Food Service Fund of the Chippewa Valley Schools for the fiscal year 2011/2012 originally adopted June 20, 2011 be amended as follows:

Revenue	
Local	\$2,124,000
State	143,000
Federal	1,545,000
Transfers & Other	0
Total Revenue	\$3,812,000
Fund Balance July 1, 2011	\$530,950
Total Available to Appropriate	\$4,342,950

BE IT FURTHER RESOLVED, that \$3,812,000 of the total available to appropriate in the Food Service Fund is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Wages	\$1,117,000
Employee Benefits	496,500
Food Purchases	1,610,000
Other	294,500
Capital Outlay	64,000
Outgoing Transfers	230,000
Total Appropriated	\$3,812,000
Estimated Fund Balance June 30, 2012	\$530,950

RESOLVED, that this resolution shall be the International Academy of Macomb Fund Appropriation Act of Chippewa Valley Schools for fiscal year 2011/2012 to provide for the expenditure of the appropriation; and to provide for the disposition of income received by Chippewa Valley Schools.

BE IT FURTHER RESOLVED that the total revenues and fund balance estimated to be available for appropriations in the International Academy of Macomb Fund of the Chippewa Valley Schools for the fiscal year 2011/2012 originally adopted June 20, 2011 be amended as follows:

Revenue	
Local	\$0
State	0
Federal	0
Incoming Transfers & Fund Modifications	\$3,742,259
Total Revenue	\$3,742,259
Fund Balance July 1, 2011	\$1,790,458
Total Available to Appropriate	\$5,532,717

BE IT FURTHER RESOLVED that \$3,617,843 of the total available to appropriate in the International Academy of Macomb Fund is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Basic Instruction	\$341,000
Support Services	436,198
Payments to Other Schools	2,344,774
Fund Modifications	495,871
Total Appropriated	\$3,617,843
Estimated Fund Balance June 30, 2012	\$1,872,723

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 the Superintendent and his designee 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 amount appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

BE IT FURTHER RESOLVED, that 7.65 mills be certified for levy on all property in the district for the purpose of retiring principal and interest on the voted debt of the district.

This appropriation act resolution is to take effect on approval by Board of Education.

Rationale:

After having adopted the initial budget for the General Fund for 2011-12 as described in bold below the administration has updated both revenue and expenditures at the line item level reflecting the actual impact of items described in bold below. The target budget showed expenditures exceeding revenue by \$4,222,484 (3.16% of targeted expenditures) while the amended budget shows expenditures exceeding revenue by \$2,537,604 (1.9% of amended expenditures). Amended expenditures are \$25,221 lower than targeted expenditures which reflect the results of achieving cost reductions in both employee's costs and reduction in non instructional program costs. Employee groups and individual employees have been instrumental in this as no employee has received a wage schedule increase while some employees have seen wage schedule reductions; employees have not received wage schedule increments; some employees are not receiving longevity payments as previously paid; and some employees are not receiving or are having payments reduced into a retirement account. All employees receiving health insurance are paying at least 10% (some employees paying 20%) of the illustrative rate premiums. Amended revenue is \$1,659,659 (1.28%) higher than targeted revenue but \$5,218,881 (3.83%) lower than 2010-11 revenue. Somewhat offsetting the foundation allowance reduction and the loss of Federal ARRA and Edujobs funding are two one-time categorical funding sources from the State totaling \$3,227,000.

The Uniform Budgeting and Accounting Act require that units of government including schools adopt a budget prior to the start of a fiscal year. Preparing budgets for the 2011-2012 fiscal year has presented some unique challenges. While a State Aid Act has been passed for 2011-2012, the Act reduces the per pupil foundation allowance for Chippewa Valley Schools from \$7,316 to \$6,846, a reduction of \$470 per pupil (6.42%), coupled with the end of Federal ARRA and Edujobs funding has necessitated that substantial reductions be made to program costs. All employee unit employment agreements expire on either June 30, 2011 or August 31, 2011 and while agreements have been recently reached with some units other units are still in the process of negotiations. In addition to achieving program cost reductions through employee unit employment agreements, cost reductions related to specific programs are being considered. Final decisions on program reductions have not been made. As a result the General Fund budget being presented for adoption is at the target revenue and expenditure level that the Board of Education has been considering.

General Fund revenue has been adjusted to reflect the targeted amount based on the adopted State Aid Act, loss of ARRA and Edujobs federal funding, property tax values, and other revenue changes. General Fund expenditures have been adjusted to the expenditure target by taking the 2010-2011 2nd amended budget and adjusting every line item by the percentage adjustment to get from the 2010-2011 2nd amend budget to the 2011-2012 expenditure target. This method results in an overall budget in line with the target but does not reflect actual changes to the line item level. Actual changes to the line item level will be done with the 2011-2012 1st amended budget.

CHIPPEWA VALLEYS SCHOOLS
 1ST AMENDED- 2011-2012
 GENERAL FUND BUDGET

	2009-10 Audited <u>Actual</u>	2010-11 Audited <u>Actual</u>	2011-12 Original <u>Budget</u>	2011-12 1st Amended <u>Budget</u>	2011-12 1st Amended 2011-12 Original <u>Difference</u>
Revenue			June 20, 2011 Includes Athletics & CTE	December 19, 2011 Includes Athletics & CTE	
Local (1)	\$ 21,055,944	\$ 21,545,302	\$ 19,878,500	\$ 20,121,595	\$ 243,095
State	\$ 97,994,090	\$ 102,315,156	\$ 103,666,024	\$ 104,916,935	\$ 1,250,911
Federal	\$ 10,308,295	\$ 11,761,923	\$ 5,198,590	\$ 5,382,613	\$ 184,023
Incoming Transfers & Other	\$ 648,879	\$ 743,514	\$ 744,241	\$ 725,871	\$ (18,370)
Total Revenue	\$ 130,007,208	\$ 136,365,895	\$ 129,487,355	\$ 131,147,014	\$ 1,659,659
Expenditures					
Basic Programs	\$ 71,243,530	\$ 71,650,927	\$ 71,451,193	\$ 71,900,277	\$ 449,084
Added Needs	\$ 13,773,388	\$ 13,589,745	\$ 13,930,597	\$ 13,992,050	\$ 61,453
Adult & Community Ed	\$ 247,647	\$ 195,122	\$ 215,469	\$ 125,381	\$ (90,088)
Total Instructional	\$ 85,264,565	\$ 85,435,795	\$ 85,597,259	\$ 86,017,708	\$ 420,449
Pupil Services	\$ 11,228,325	\$ 12,031,805	\$ 12,038,401	\$ 12,619,802	\$ 581,401
Instructional Staff Services	\$ 4,472,042	\$ 4,039,572	\$ 4,206,809	\$ 3,761,701	\$ (445,108)
General Administration	\$ 731,374	\$ 691,785	\$ 788,816	\$ 663,856	\$ (124,960)
School Administration	\$ 8,344,803	\$ 8,179,737	\$ 8,169,918	\$ 8,216,655	\$ 46,737
Business Administration	\$ 2,028,547	\$ 1,934,373	\$ 1,939,477	\$ 2,226,352	\$ 286,875
Operations & Maintenance	\$ 11,147,566	\$ 9,890,450	\$ 10,149,926	\$ 9,528,672	\$ (621,254)
Transportation	\$ 4,288,758	\$ 4,231,715	\$ 4,364,328	\$ 4,074,016	\$ (290,312)
Other Central Services	\$ 3,168,355	\$ 2,452,178	\$ 2,555,361	\$ 2,429,906	\$ (125,455)
Other Support (Portion Athletics, CTE)	\$ -	\$ 1,969,402	\$ 2,064,632	\$ 2,103,655	\$ 39,023
Total Supporting Services	\$ 45,409,770	\$ 45,421,016	\$ 46,277,668	\$ 45,624,615	\$ (653,053)
Total Community Services	\$ 891,544	\$ 939,396	\$ 1,054,261	\$ 1,034,295	\$ (19,966)
Outgoing Transfers & Other	\$ 1,638,421	\$ 782,839	\$ 780,651	\$ 1,008,000	\$ 227,349
Total Expenditures	\$ 133,204,300	\$ 132,579,046	\$ 133,709,839	\$ 133,684,618	\$ (25,221)
Total Revenues Over/<Under> Expenditures	\$ (3,197,092)	\$ 3,786,849	\$ (4,222,484)	\$ (2,537,604)	
Beginning Fund Equity	16,354,516	13,157,424	15,728,005	16,944,274	
Ending Fund Equity	\$ 13,157,424	\$ 16,944,274	\$ 11,505,521	\$ 14,406,670	

(1) Includes 18.00 Mill Non-Homestead Property Tax Levy for operational purposes.

2011-12 SPECIAL REVENUE FUND FOOD SERVICE 1ST AMENDED BUDGET

	2009-10	2010-11	2011-12	2011-12	2011-12 1st Amended
	Actual	Actual	Original Budget	1st Amended Budget	2011-12 Original Difference
Revenue					
Local	\$ 2,045,093	\$ 2,048,861	\$ 2,038,000	\$ 2,124,000	\$ 86,000
State	\$ 142,040	\$ 140,338	\$ 130,000	\$ 143,000	\$ 13,000
Federal	\$ 1,342,323	\$ 1,445,741	\$ 1,490,000	\$ 1,545,000	\$ 55,000
Incoming Transfers & Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 3,529,456	\$ 3,634,940	\$ 3,658,000	\$ 3,812,000	\$ 154,000
Expenditures					
Wages	\$ 1,228,456	\$ 1,213,321	\$ 1,154,000	\$ 1,117,000	\$ (37,000)
Employee Benefits	\$ 450,371	\$ 481,002	\$ 517,500	\$ 496,500	\$ (21,000)
Food Purchases	\$ 1,477,059	\$ 1,507,503	\$ 1,565,000	\$ 1,610,000	\$ 45,000
Other	\$ 222,504	\$ 228,041	\$ 240,000	\$ 294,500	\$ 54,500
Capital Outlay	\$ 10,247	\$ -	\$ 4,000	\$ 64,000	\$ 60,000
Outgoing Transfers	\$ 218,000	\$ 260,000	\$ 260,000	\$ 230,000	\$ (30,000)
Total Food Service	\$ 3,606,637	\$ 3,689,867	\$ 3,740,500	\$ 3,812,000	\$ 71,500
Total Revenues Over/<Under> Expenditures	\$ (77,181)	\$ (54,927)	\$ (82,500)	\$ -	
Beginning Fund Equity	\$ 663,058	\$ 585,877	\$ 435,377	\$ 530,950	
Ending Fund Equity	\$ 585,877	\$ 530,950	\$ 352,877	\$ 530,950	

2011-12 SPECIAL REVENUE FUND 1ST AMENDED MACOMB INTERNATIONAL ACADEMY BUDGET

	2009-10	2010-11	2011-12	2011-12	2011-12 Original
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	2010-11 2nd Amended
					<u>Difference</u>
Revenue					
Tuition Schools	\$ 1,925,145	\$ 2,147,899	\$ 2,699,926	\$ 2,734,841	\$ 34,915
Other Revenue	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -
Fund Modifications	\$ -	\$ 782,839	\$ 986,440	\$ 1,007,418	\$ 20,978
	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 3,425,145	\$ 2,930,738	\$ 3,686,366	\$ 3,742,259	\$ 55,893
Expenditures					
Instruction	\$ 362,138	\$ 305,345	\$ 326,000	\$ 341,000	\$ 15,000
Support Services	\$ 382,286	\$ 397,783	\$ 408,173	\$ 436,198	\$ 28,025
Payments to Other Schools	\$ 1,036,508	\$ 1,667,991	\$ 2,394,290	\$ 2,344,774	\$ (49,516)
Fund Modifications	\$ 338,576	\$ 483,514	\$ 483,152	\$ 495,871	\$ 12,719
	\$ -	\$ -	\$ -	\$ -	\$ -
Total Macomb International Academy	\$ 2,119,508	\$ 2,854,633	\$ 3,611,615	\$ 3,617,843	\$ 6,228
Total Revenues Over/<Under> Expenditures	\$ 1,305,637	\$ 76,105	\$ 74,751	\$ 124,416	
Beginning Fund Equity	\$ 366,566	\$ 1,672,202	\$ 1,715,707	\$ 1,748,307	
Ending Fund Equity	\$ 1,672,202	\$ 1,748,307	\$ 1,790,458	\$ 1,872,723	