



Detroit Public Schools

2006 Adopted Budget

Come Home To DPS



June 30, 2005

Prepared By:

Division of Finance
Office of Budget

Detroit Public Schools
2006 Adopted Budget
(For FY July 1, 2005 – June 30, 2006)

Kenneth Stephen Burnley, Ph.D
Chief Executive Officer

William F. Coleman
Chief Executive Officer
(Effective July 1, 2005)

Robert F. Moore, Jr.
Senior Deputy Chief Executive Officer

Dori A. Freelain
Chief Financial Officer

Mary S. Ellis
Executive Director, Office of Budget

For additional information regarding the District's financial results, readers should refer to the Comprehensive Annual Financial Report (CAFR) (located on the District's website) for the fiscal year ended June 30, 2004, which includes audited financial statements. The State approved Deficit Elimination Plan (DEP) is also available on the District's website, www.detroitk12.org



DETROIT PUBLIC SCHOOLS 2006 Adopted Budget

For Fiscal Year
July 1, 2005 – June 30, 2006

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DETROIT PUBLIC SCHOOLS

Board of Education



Honorable William C. Brooks, Chairman
Honorable Gerald K. Smith Ed.D, Secretary
Honorable Mark A. Douglas
Honorable Belda Garza
Honorable Allan Spooner
Honorable Alma G. Stallworth
Honorable Geneva J. Williams

(Effective June 30, 2005 – December 31, 2005)



June 30, 2005

Dr. Kenneth S. Burnley, CEO
William F. Coleman, Interim CEO

Detroit Public Schools
Detroit, Michigan

We are hereby submitting the 2006 Adopted Budget, for the fiscal year ending June 30, 2006. This plan is our assessment and recommendations concerning the allocation of our available resources in compliance with the Deficit Elimination Plan (DEP). All applicable Michigan state laws and regulations, and Michigan Department of Education guidelines and statutory requirements have been met. This document, along with the budget presentation document, will be posted on the School District web site at various times during the year to provide public access and viewing. A balanced budget is presented for each of the District's funds.

Current Financial Trends:

- √ Student enrollment continues to decline for the District. Since the fall of 2000, we forecast a loss of 42,983 funded pupils. For fiscal year ending 2006, the loss represents approximately 10,000 funded pupils alone.
- √ In an attempt to provide alternatives for those students requiring a different learning path, the District implemented a "Second Chance Program" during Fiscal Year 2005. This program will continue for FY 2006 at three (3) sites. The budget designed for this item is considered to be cost neutral.
- √ Although the state is projecting to increase the per pupil funding levels by \$175, this amount remains short due to the increase related to MSPERS and existing contractual obligations. The recent State funding trends are critical factors facing this District. However, the District continues to provide quality services in areas that are not always provided with the full funding levels necessary for the programs. Some examples include:
 - √ Special Education, English as a Second Language (ESL), and No Child Left Behind (NCLB).
 - √ The eroding tax base of the City of Detroit has contributed to a greater disparity between urban children and suburban children.

- √ The state school aid received by the District is also inadequate to address the full needs of urban students.
- √ The economic impact of the Charter Schools and the population trends in the City of Detroit will continue to deteriorate the District's financial ability to support all programming needs.

The school financing concerns, along with the trends in student data, has forced the District to balance this adopted budget based on significant reductions and re-allocations from existing programs and services. In addition, this budget is developed with the obligation that all identified staff reductions are implemented by July 1, 2005, labor contract negotiations will provide assistance, class size requirements are maintained and a re-allocation of available resources are completed. It is important to note that as part of the District's efforts to achieve Financial Information Data (FID) compliancy, there have been major reclassifications of budget line items.

We would like to thank you and the Board of Education for your commitment and support for the students, staff, community partners and the overall support provided to the Division of Finance, Office of Budget in the development of this document.

Respectfully submitted,

Dori A. Freelain
Chief Financial Officer

Mary S. Ellis
Executive Director
Office of Budget



FINANCIAL POLICIES & PROCEDURES 2006

FINANCIAL POLICIES AND PROCEDURES

The following financial policies are consistent with State, Federal and local regulations:

Budget Standards:

Each annual budget must be prepared consistent with Generally Accepted Accounting Principles. Each budget must also be balanced such that in each fund total revenues are greater than or equal to appropriations. These policies reflect the District's commitment to preparing its budget on a basis consistent with the highest financial standards and to balancing its budget every year.

Personnel Policies:

All appointments of management level personnel shall be subject to the Chief Executive Officer's (CEO) approval. All salary increases must be approved by the Division Head, the Budget Executive Director, or Chief Financial Officer (or designee), the Chief Human Resources Officer and the CEO.

ACCOUNTING POLICY

The following is a summary of significant accounting policies followed in the preparation of the combined financial statements of the District.

Fund Accounting:

The financial activities of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity.

Function Reporting:

Revenues and expenditures are reported by fund and functional categories. Functional categories describe the activity for which a service or material is acquired. The basic functional categories are instruction, pupil support, instructional staff support, general administration, business services, operations and maintenance, transportation, central services, and community services.

Basis of Accounting:

The accounts are maintained using the modified accrual basis. Under the accrual basis of accounting, revenues are recorded when received, except where they are measurable and available and, therefore, represent resources which may be appropriated. Expenditures are generally recognized when the related liability is incurred.

Property Taxes:

Property taxes are recorded as revenue when collected or if collected within sixty days after the fiscal year-end. Taxes levied and not collected within sixty days after the fiscal year-end are recorded as taxes receivable.

Property taxes are assessed as of the preceding December 31. Approximately one-half of such taxes are levied and become a lien on July 1, and the balance is levied and becomes a lien on December 1. These taxes are due on August 15 and January 15, respectively. In its role as tax collection agent for the District, the City of Detroit is responsible for the collection of delinquent taxes, along with the County.

As a result of the passage of a constitutional amendment by the voters of the State of Michigan on March 15, 1994, the District's financing structure was reorganized effective for the fiscal year ended June 30, 1995. The reorganization of school financing shifted a portion of the District's revenue sources from locally levied and collected property taxes to the State of Michigan, received in the form of a foundation allowance. The State foundation allowance is the primary basis of revenue.

Pension Plan:

Substantially all District employees participate in the Michigan Public School Employees' Retirement System, known as Office of Retirement Services (ORS), under which employees are entitled to certain defined benefits established by state statute. Currently, school districts are required by state statute to contribute 14.87% of eligible wages to the plan. The 2006 budget was developed based on 16.34% as the required contribution.

INTERNAL CONTROL/FUNDS TRANSFER POLICY

The Detroit Public Schools' management officials are responsible for implementing and enforcing a system of internal controls to protect the assets of the District from loss, theft, or misuse. Officials also ensure that reliable accounting data are available for the timely preparation of all financial statements.

Budget transfers between programs are permitted. This allows flexibility and provides budgetary control for managing supervisors. The Transfer of Funds Policy is intended to streamline management processes while emphasizing the importance of budget management.

Funds may be transferred between funds, between departments or between objects. Transfers require specific approval from the Chief Financial Officer and/or the Department Head. Depending on the type of transfer, approval may be required from the Department Head, Executive Director of Budget, CFO, and CEO or any combination thereof. Central administrative offices and schools are allowed to transfer funds between objects, with approval of the Executive Director of Budget.

Proposed General Appropriations Order and 2005-2006 Budget

WHEREAS, the 2005-2006 budget recommendations were presented to the Chief Executive Officer.

WHEREAS, it was announced that a public hearing on the proposed budget prior to its adoption for the fiscal year ending June 30, 2006 as required by the provisions of Act No. 43, of the Public Acts of Michigan of 1963 Second Extra Session, such a public hearing was held in the auditorium of Spain Elementary/Middle School, 3700 Beaubien in the City of Detroit on the 30th day of June 2005, at 10:00 a.m.

WHEREAS, due notice of such public hearing was given by publication in newspapers of general circulation at least six days prior to such hearing, as appears by affidavit of publication on file in the office of the Secretary of the Reform Board of Education, which notice in accordance with said act stated where a copy of such budget was available for public inspection, and

WHEREAS, the Chief Executive Officer adopts this general appropriations order for the 2005-2006 budget of the Detroit school district for all programs and funds.

NOW, THEREFORE, BE IT RESOLVED, that this resolution shall constitute the general appropriations of the Detroit school district for the 2005-2006 fiscal year; a resolution to make appropriations to provide for the expenditure of the appropriations, and to provide for the disposition of all income received by the Detroit school district.

BE IT FURTHER RESOLVED, that the total income and total expenditure appropriations for all funds attached are as specified in the addendum to this resolution.

BE IT FURTHER RESOLVED, that the appropriations for all funds attached as submitted, and the same are approved and adopted with certain provisions hereinafter mentioned.

BE IT FURTHER RESOLVED, that revisions in total income and total expenditure appropriations for a fund shall be approved by the Chief Executive Officer or the elected Detroit Board of Education, as mandated by law.

BE IT FURTHER RESOLVED, that during the existence of Public Act 10, no Reform Board 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 Chief Executive Officer and in keeping with the budgetary policies of this District. Subsequent to expiration of Public Act 10, no employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the elected Detroit Board of Education or its

designee, as allowed by law, and in keeping with the budgetary policies of the District.

BE IT FURTHER RESOLVED, that no appropriation for any purpose or object shall be deemed a mandate to spend. Appropriations shall be deemed maximum authorizations to incur expenditures and the Chief Executive Officer or elected Detroit Board of Education, as applicable, shall exercise supervision and control to ensure that program or work objectives are related within these maximums.

BE IT FURTHER RESOLVED, that the expenditures of funds appropriated herein for school district purposes shall be under the general supervision of the Chief Executive Officer or elected Detroit Board of Education and the control of the Chief Financial Officer, subject to the budgetary policies of the District.

BE IT FURTHER RESOLVED, that before any order or contract for improvement, supplies or services is issued by any officer or any employee of the Detroit Public Schools, it shall be determined that an appropriation has been made heretofore that has not been exhausted. No such order or contract for improvements, supplies or services shall be issued unless there is an available appropriation balance heretofore.

BE IT FURTHER RESOLVED, that line-item account transfers within the same fund of an unencumbered balance or any part thereof that is not required to meet the program or work objectives for the balance of the year may be accomplished subject to procedures established for approval of such transfers. Transfers from one division or area to another may be authorized by the Chief Financial Officer or his/her designee. Transfers within or between operating units may be authorized by the principal in the case of a school budget and by the unit executive in the case of a unit budget subject to review by the Chief Financial Officer or his/her designee.

BE IT FURTHER RESOLVED, that the total number of positions established for each division and school may not be increased except as authorized by the Chief Executive Officer or elected Detroit Board of Education, as applicable, under procedures that may be established to approve additional positions requested. Appropriate budget adjustments shall be made to fund the establishment of additional positions that are authorized. Salary amounts appropriated herein for unspecified positions may be used during the course of the year to establish required positions subject to the approval of the Chief Executive Officer, elected Detroit Board of Education, or its designee, as allowed by law.

BE IT FURTHER RESOLVED, that nothing in the foregoing shall be construed as authorization for the expenditure of funds or the incurrence of obligations in excess of the total sums appropriated herein for each fund.

This appropriations order is to take effect on July 1, 2005.



BUDGET DEVELOPMENT PROCESS 2006



IMPORTANCE OF THE BUDGET

Budgeting is basically a planning process and no plan can anticipate currently unknown factors. This budget includes provisions for all factors that could be reasonably anticipated, and modifications will be made as needs change during the year. The budget authorizes the original entries in the accounting system and establishes a legal framework for payroll, personnel and purchasing operations. In short, budgeting is an indispensable part of sound and proper administrative planning and accountability.

It is the budget which provides schools and other operating units with the approved official document indicating the authorized organizational structure, staffing patterns and material resources that may be used in delivering services to students within legal and financial limitations. It is important to the smooth conduct of the administrative and operational activities that such a document be available to all throughout the District. It provides a common reference point essential to proper and expeditious processing and recording of the day-to-day transactions necessary for the placement of personnel and the delivery of materials as well as the documentation required in after-the-fact audit and evaluation of District activities. It is important to the schools and operating units in so far as it serves to indicate in advance what shall be the approved uses of resources.

Also, the budget approach and its implementation in any given year must recognize ongoing service arrangements, existing organizational structure and operating methods, any one of which may not be entirely satisfactory for most desirable results. Improvements must come over a long-range period. However, the budget development procedures provided are designed to obtain maximum participation in seeking such improvements by personnel of the District at all levels.

In preparation and presentation of the budget, each administrator of the District, from the school principal to the Chief Executive Officer, is given an opportunity to present his or her management proposals and ideas to higher levels of decision-making within the organization. The process of preparing and reviewing the budget presents an opportunity to justify operational programs, to propose changes in service, and to recommend revisions in organizational structure and

work methods. Although this process was followed, the underlying basis for the development of the budget was the approved DEP.

While such changes are continually considered as part of day-to-day administration, the budget places a definite emphasis on such concerns. A complete and well-documented budget inspires public confidence and provides the administrator with one of the most important devices for directing the activities for which he or she is responsible.

Budget Administration

1. The retirement percentage for the 2005-2006 fiscal year is approximately 16.34%.
2. The preliminary average fringe benefit rate for positions is estimated at 43%, inclusive of the 16.34% above.
3. The CEO is authorized to:
 - a. reallocate any excess revenues received during the year. Such reallocations shall be for one-time non-recurring non-salary purposes only.
 - b. reallocate and expend savings that may occur during the year in centrally budgeted accounts. Such reallocations and expenditures shall be for one-time non-recurring salary and non-salary projects and activities.
4. The CEO must approve all allocations from the Fund Balance. The Fund Balance is used for the following purposes:
 - a. Enrollment shifts that could occur after the Fourth Wednesday counts that establish the need for additional instructional service and supplies;
 - b. Initiatives that will occur during the school year, but an exact amount or the allocation of an amount is not known prior to the adoption of the budget;
 - c. Contingency for unforeseen events that may occur throughout the school year.
 - d. The undesignated fund balance is available for appropriation at the discretion of the Interim CEO.
 - e. Carry forward of certain program funding such as Durant settlement, Adult Education, etc.
5. The CEO must approve all changes in student enrollment numbers.
6. Changes and amendments to the adopted budget (total revenues and total expenditures for all programs and funds) will be made based on the following budget amendment process:
 - a. The Budget Office receives budget revisions and recommendations.
 - b. Suggested budget revisions will be reviewed and recommended adjustments will be forwarded to the Cabinet representatives for their review and input.
 - c. Based on Cabinet's input, the Budget Office will prepare a revised budget and submit it to the CEO for approval.

- d. The Budget Office will implement the revised budget upon CEO approval.
 - e. All budget changes and amendments are reported to the Michigan Department of Education (MDE) through the submission of monthly DEP reports.
7. As of January 1, 2006, the position of CEO will be replaced by the position of Interim General Superintendent. The specific authority level of this position has not yet been defined.

BUDGET PROCESS

September October November December January February March April May June July August



Revise Revenue and Expense Projections (Formal Review in November and February)

CEO approves Budget Revisions



GENERAL FUND (FUND 11, 12, 13, 22, 89)

**GENERAL FUND
PROJECTED ACTUALS (UNAUDITED) AS OF JULY 1, 2005**

	General Fund 11	Grants Fund 12	Adult Education 13	Special Education 22	Risk Management 89	Total Gen Fund FY 2005
<u>Projected Revenues</u>						
Local Sources	\$ 97,611,742			\$ 68,318,472		\$ 165,930,214
State Sources	859,003,216	\$ 84,186,810	\$ 4,035,376	90,175,800		1,037,401,202
Federal Sources	12,800,000	243,547,313				256,347,313
Total Revenues	\$ 969,414,958	\$ 327,734,123	\$ 4,035,376	\$ 158,494,272		\$ 1,459,678,729
<u>Projected Expenditures</u>						
Instruction (1XX)	\$ 518,944,943	\$ 230,861,025	\$ 348,636	\$ 142,572,279	\$ -	\$ 892,726,883
Support Services Pupil (21X)	26,484,286	26,607,953	-	40,659,464		93,751,703
Support Services						
Instructional Staff (22X)	16,571,567	31,821,725	2,928,807	5,894,238		57,216,337
General Administration (23X)	9,496,915	8,023,874				17,520,789
School Administration (24X)	108,481,586	5,830,093	2,186,601	19,649,049		136,147,329
Business Services (25X)	25,614,878	2,875,738			14,945,363	43,435,979
Operation and Maintenance (261)	173,640,662	3,763,845	24,044	1,744	560,510	177,990,805
Transportation (271)	55,625,897	10,652,816		921,740		67,200,453
Central Services (281)	65,343,303	2,911,270	4,762	448,824	844,907	69,553,066
Other (29X)	-	-	-	-		-
Community Services (3XX)	1,834,197	4,385,784				6,219,981
Debt Service (5XX)	2,362,145					2,362,145
Total Expenditures	\$ 1,004,400,379	\$ 327,734,123	\$ 5,492,850	\$ 210,147,338	\$ 16,350,780	\$ 1,564,125,470
Excess of Revenues Over Expenditure	(34,985,421)	-	(1,457,474)	(51,653,066)	(16,350,780)	(104,446,741)
<u>Other Financing Sources (Uses)</u>						
Transfers In	8,669,627			51,653,066	16,350,780	76,673,473
Transfers Out	(71,003,846)	(8,669,627)				(79,673,473)
Note Proceeds	213,245,958					213,245,958
Total Other Financing Sources (Uses)	150,911,739	(8,669,627)	-	51,653,066	16,350,780	210,245,958
Net Change in Fund Balance	115,926,318	(8,669,627)	(1,457,474)	-	-	105,799,217
Fund Balance - July 1, 2004						(48,687,347.81)
Reserve - Repayment Delinquent taxes and Adult Education						(9,000,000.00)
Fund Balance - June 30, 2005						\$ 48,111,869

**GENERAL FUND
ADOPTED BUDGET AS OF JULY 1, 2005**

	Total Gen Fund Actuals (Unaudited) FY 2005	General Fund 11	Grants Fund 12	Adult Education 13	Special Education 22	Total Gen Fund FY 2006
<u>Projected Revenues</u>						
Local Sources	\$ 165,930,214	\$ 96,996,130			62,763,941	159,760,071
State Sources	1,037,401,202	822,429,659	\$ 82,644,463	\$ 4,035,376	88,293,670	1,000,131,984
Federal Sources	256,347,313	12,138,158	257,682,324			267,091,666
Total Revenues	\$ 1,459,678,729	\$ 931,563,947	\$ 340,326,787	\$ 4,035,376	\$ 151,057,611	1,426,983,721
<u>Projected Expenditures</u>						
Instruction (1XX)	892,726,883	403,455,180	179,510,430	703,579	154,753,944	738,423,133
Support Services Pupil (21X)	93,751,703	24,751,235	39,368,197	295,194	43,486,211	107,900,838
Support Services						-
Instructional Staff (22X)	57,216,337	17,377,724	58,713,055		8,221,443	84,312,222
General Administration (23X)	17,520,789	7,453,145	3,857,962		91,657	11,402,764
School Administration (24X)	136,147,329	106,484,802	6,669,575	3,024,309	23,263,963	139,442,650
Business Services (25X)	43,435,979	63,410,836	1,016,923			64,427,759
Operation and Maintenance (261)	177,990,805	151,538,347	9,516,115		34,698	161,089,161
Transportation (27X)	67,200,453	41,068,902	22,087,579		351,045	63,507,526
Central Services (281)	69,553,066	57,391,700	1,370,953	12,294	446,597	59,221,543
Other (29X)			175,239			175,239
Community Services (3XX)	6,219,981	597,513	5,470,026			6,067,539
Site Acquisition Services(4XX)		6,015,950	15,000			6,030,950
Debt Service (5XX)	2,362,145	1,482,500				1,482,500
Total Expenditures	\$ 1,564,125,470	\$ 881,027,834	\$ 327,771,054	\$ 4,035,376	\$ 230,649,558	1,443,483,822
<i>Excess of Revenues Over Expenditure</i>	\$ (104,446,741)	\$ 50,536,113	\$ 12,555,733	\$ -	\$ (79,591,947)	\$ (16,500,101)
<u>Other Financing Sources (Uses)</u>						
Transfers In	76,673,473	12,555,734			79,591,946	92,147,680
Transfers Out	(79,673,473)	(82,199,947)	(12,555,734)			(94,755,681)
Note Proceeds	213,245,958					-
Total Other Financing Sources (Uses)	210,245,958	(69,644,213)	(12,555,734)	-	79,591,946	(2,608,001)
<i>Net Change in Fund Balance</i>	\$ 105,799,217	\$ (19,108,100)	\$ (1)	\$ -	\$ (1)	(19,108,102)
Fund Balance - July 1, 2005	(48,687,348)	-	-	-	-	48,111,869
Reserve - Repayment of Delinquent Taxes	(9,000,000)					(2,000,000)
Fund Balance - June 30, 2006	\$ 48,111,869	\$ (19,108,100)	\$ (1)	\$ -	\$ (1)	\$ 27,003,767



GENERAL FUND/GENERAL PURPOSE (FUND 11)

GENERAL FUND/GENERAL PURPOSE (11) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised Per DEP	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
Projected Revenues				
Local Sources				
Property Taxes	\$ 72,971,468	\$ 78,725,026	\$ 90,146,273	\$ 87,179,130
Tuition	545,000	545,000	905,000	700,000
Earnings on Investment	900,000	925,000	925,000	925,000
Durant	5,930,443			
Other Local Revenue	4,536,300	7,820,000	5,635,469	8,192,000
Total Local Sources	84,883,211	88,015,026	97,611,742	96,996,130
State Sources				
State Foundation	902,653,428	857,163,841	847,713,154	811,512,274
Charter Schools	311,216	376,058	406,137	355,855
Other State Revenue	2,615,499	10,714,035	10,883,925	10,561,530
Total State Revenue	905,580,143	868,253,934	859,003,216	822,429,659
Federal Sources				
Federal Direct Restricted		1,500,000	1,500,000	1,500,000
Other Federal Revenue	9,319,079	9,698,079	11,300,000	10,638,158
Indirect Costs Reimbursements	14,236,968			
Total Federal Revenue	23,556,047	11,198,079	12,800,000	12,138,158
Total Revenues	\$ 1,014,019,401	\$ 967,467,039	\$ 969,414,958	\$ 931,563,947
Projected Expenditures				
Instruction (1XX)				
Salaries and Benefits	\$ 459,500,145	\$ 473,230,392	\$ 493,996,497	378,783,631
Purchased Services	778,465	1,559,935	2,636,994	2,730,841
Teaching Supplies and Textbooks	25,072,807	26,034,281	22,244,614	21,821,913
Capital Outlay	215,973	24,110	64,296	118,796
Other Expenditures	108,689	12,440	2,542	-
Total Instruction	485,676,079	500,861,158	518,944,943	403,455,180
Support Services Pupil (21X)				
Salaries and Benefits	19,685,370	25,158,780	25,262,537	24,175,743
Purchased Services	865,039	1,076,895	896,921	537,720
Teaching supplies and Textbooks	110,319	72,882	324,828	37,772
Capital Outlay			-	-
Other Expenditures			-	-
Total Support Services Pupil	20,660,728	26,308,557	26,484,286	24,751,235
Support Services				
Instructional Staff (22X)				
Salaries and Benefits	11,824,889	15,633,817	14,623,904	14,184,717
Purchased Services	2,329,943	1,685,783	908,469	1,491,313
Teaching Supplies and Textbooks	896,543	431,788	763,884	1,641,139
Capital Outlay	127,143	275,309	275,310	50,604
Other Expenditures	297,747	343,917	-	9,950
	15,476,265	18,370,616	16,571,567	17,377,724
General Administration (23X)				
Salaries and Benefits	5,440,121	6,727,006	6,136,157	5,700,148
Purchased Services	1,350,897	1,656,467	2,395,026	1,540,849
Supplies and Materials	260,478	74,108	196,242	86,796
Capital Outlay	14,335	5,432	30,492	10,295
Other Expenditures	133,003	472,631	738,998	115,056
	7,198,834	8,935,643	9,496,915	7,453,145

GENERAL FUND/GENERAL PURPOSE (11) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised Per DEP	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
School Administration (24X)				
Salaries and Benefits	\$ 94,536,263	\$ 103,257,557	\$ 106,441,594	106,475,531
Purchased Services	2,272,724	1,569,400	1,469,684	3,732
Supplies and Materials	14,957	147,198	402,917	5,539
Capital Outlay	643,463	71,946	71,742	-
Other Expenditures	54,121	95,961	95,649	-
	97,521,528	105,142,060	108,481,586	106,484,802
Business Services (25X)				
Salaries and Benefits	37,213,113	18,158,743	17,449,916	37,755,445
Purchased Services	4,115,771	1,805,630	2,753,894	10,136,609
Supplies and Materials	742,928	109,002	299,753	1,339,518
Capital Outlay	59,988	91,760	91,761	120,235
Other Expenditures	2,559,952	3,856,102	5,019,554	14,059,029
	44,691,752	24,021,237	25,614,878	63,410,836
Operation and Maintenance (261)				
Salaries and Benefits	73,234,547	115,518,618	110,106,612	89,543,094
Purchased Services	14,994,936	14,111,982	28,743,774	25,220,413
Supplies and Materials	10,852,536	8,919,631	27,009,527	2,631,778
Capital Outlay	129,727	70,426	1,942,760	492,289
Other Expenditures	35,640,230	38,224,482	5,237,989	33,650,773
	134,851,975	176,845,140	173,040,662	151,538,347
Transportation (271)				
Salaries and Benefits	21,307,477	31,809,803	32,496,657	21,626,008
Purchased Services	5,048,485	15,408,637	15,312,092	18,182,049
Supplies and Materials	1,917,783	2,165,415	2,149,070	1,252,229
Capital Outlay	23,215	2,259	2,259	8,616
Other Expenditures	9,007,319	4,478,865	5,665,819	-
	37,304,279	53,864,978	55,625,897	41,068,902
Central Services (281)				
Salaries and Benefits	11,114,004	27,505,996	26,422,180	22,622,421
Purchased Services	30,882,300	35,284,396	38,133,826	34,419,863
Supplies and Materials	2,358,217	612,089	403,220	151,139
Capital Outlay	485,802	288,960	275,528	151,994
Other Expenditures	9,523,996	344,435	708,549	46,283
	54,364,319	64,035,876	65,943,303	57,391,700
Other (29X)				
Salaries and Benefits	40,445	-	-	-
Purchased Services	112,727	-	-	-
Supplies and Materials	7,166,400	-	-	-
Capital Outlay	-	-	-	-
Other Expenditures	-	-	-	-
	7,319,572	-	-	-
Total Support Services				
	398,728,524	451,215,551	454,774,808	442,814,838
Community Services (3XX)				
Salaries and Benefits	629,540	561,566	725,744	462,054
Purchased Services	157,080	424,650	1,026,730	100,367
Supplies and Materials	46,936	32,005	30,936	6,742
Capital Outlay	22,395	50,787	50,787	28,350
Other Expenditures	2,292	-	-	-
	858,244	1,069,008	1,834,197	597,513

GENERAL FUND/GENERAL PURPOSE (11) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised Per DEP	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
Site Acquisition Services (45X)				
Salaries and Benefits	\$ 167,528	-	-	85,506
Purchased Services	6,021,273	-	-	-
Supplies and Materials	10,597	-	-	-
Capital Outlay	491	-	-	5,930,443
Other Expenditures	1,208,577	-	-	-
	<u>7,408,466</u>	<u>-</u>	<u>-</u>	<u>6,015,950</u>
Debt Service (5XX)				
Interest on Term Bonds	3,360,000	5,355,409	2,362,145	1,482,500
Total Expenditures	<u>\$ 916,692,041</u>	<u>\$ 984,809,683</u>	<u>\$ 1,004,400,379</u>	<u>881,027,834</u>
Excess of Revenues Over Expenditures	<u>97,327,360</u>	<u>(17,342,644)</u>	<u>(34,985,421)</u>	<u>50,536,113</u>
Other Financing Sources (Uses)				
Transfers In		3,669,627	8,669,627	12,555,734
Transfers Out	(95,308,000)	(99,805,149)	(71,003,846)	(82,199,947)
Note Proceeds		213,000,000	213,245,958	
Total Other Financing Sources (Uses)	<u>(95,308,000)</u>	<u>116,864,478</u>	<u>150,911,739</u>	<u>(69,644,213)</u>
Net Change in Fund Balance	<u>\$ 2,019,360</u>	<u>\$ 99,521,834</u>	<u>\$ 115,926,318</u>	<u>\$ (19,108,100)</u>

Notes :

1. In FY 2006 adopted budget, Indirect cost reimbursements revenues from Grant Fund (12) have been reclassified as "Transfers In" and presented in the "Other Financing Sources (Uses) section.
2. In FY 2005 purchased services of \$ 6 mil were budgeted under the function "Site Acquisition Services". However, these costs represent costs related to operation and maintenance (261) and other business services function (259) and have been appropriately reflected within these functions in FY 2005 projected actuals.

GENERAL FUND/GENERAL PURPOSE (11) JULY 1, 2005

Notes and Assumptions:

1. The District is faced with a drastic reduction in resources due to: decline in student enrollment over a four-year period; therefore, decrease in State Aid Foundation allowance in total.
2. The District has reserved a proportionate amount (\$2,000,000 for the repayment of the uncollectible delinquent property taxes).
3. Based on the State requirement starting from fiscal year 2004, the charter school revenues will only reflect the District's 3% administrative cost reimbursement.
4. Increase in benefits is attributed to:
 1. Pension Plan contribution increase (mandated by the Office of Retirement Services) by 1.5%.
 2. Increase in Health, Dental, Life and Vision plan contributions by 14%.
 3. Anticipated increase in unemployment compensation due 2005 staff reductions.
5. Salary projections include step increments for all applicable staff. However, the projections do not include any annual salary increases.
6. Capital outlay projections include Durant settlement costs, photocopiers and capital leases.
7. The annual reform dollars (\$15 million) is included in the budget projections.
8. The District will close thirty (30) schools and three (3) buildings.
9. The District has reached agreement with all but four (4) labor unions to reduce the total cost of compensation by 5%. Labor contract negotiations with the Detroit Federation of Teachers (DFT), Organization of School Administrators and Supervisors (OSAS), Para Pros, and Police Officers Labor Council (POLC) are ongoing. The budget reflects a \$63 million (10%) reduction of total compensation for DFT. Subject to an agreement, this cost saving level may be achieved, in part, through non-compensation changes. It should be noted that 100% of the \$63 million reduction of expenditures has been reflected as an Instruction Function reduction (1XX). Upon completion of labor negotiations, this reduction will be allocated among several functional categories, as applicable.
10. Increase in \$175 per pupil from the State.
11. No rescissions are anticipated.
12. No decrease in at-risk categorical dollars.
13. Staffing will be consistent with allocations and projected reductions of approximately 1,700 PCNs, requiring elimination of all affected positions by July 1, 2005. This liability would be approximately \$85 million.

GENERAL FUND/GENERAL PURPOSE (11) JULY 1, 2005

14. By achieving FID and Function compliancy, major reclassifications have been transacted. As a result, comparisons between FY2005 and FY2006 will be complex and often not possible.
15. The general operating property revenues are projected based on a conservatively projected taxable (Non-Homestead) value increase of .85%. The projections were calculated using a 4-year trend analysis.
16. The revenue projections for FY 2006 are based on a 2004 Headlee Millage reduction fraction for Non-Homestead property adjustments. The fraction adjustment resulted in a decrease in operating mills by .9872.
17. Effective FY 2006 the Risk related activities fund (89) will be eliminated. In accordance with GASB 10 requirements the risk related activity costs will be reported within the General Fund/ General Purpose (11).



DESIGNATED SPECIAL PURPOSE GRANT (FUND 12)

The Designated Special Purpose Grant Fund is used to account for all grant funds received and expended and/or appropriated by the District.

DESIGNATED SPECIAL PURPOSE GRANT FUND (12) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised Per DEP	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
Projected Revenues				
Local Sources	\$ 759,738			
State Sources	84,948,152	\$ 84,483,429	\$ 84,186,810	\$ 82,644,463
Federal Sources	206,932,670	243,547,313	243,547,313	257,682,324
Total Revenues	\$ 292,640,560	\$ 328,030,742	\$ 327,734,123	\$ 340,326,787
Projected Expenditures				
Instruction (1XX)				
Salaries and Benefits	127,511,091	146,594,352	176,664,492	136,259,213
Purchased Services	14,865,366	30,120,219	21,647,263	13,113,677
Teaching Supplies and Textbooks	39,309,061	33,078,986	30,409,256	24,000,306
Capital Outlay	2,068,897	3,605,641	2,134,760	1,715,606
Other Expenditures	1,498,579	8,483,639	5,254	4,421,628
Total Instruction	185,252,994	221,882,837	230,861,025	179,510,430
Support Services Pupil (21X)				
Salaries and Benefits	34,016,134	20,676,405	22,963,003	38,016,238
Purchased Services	1,949,967	5,262,237	3,076,614	687,869
Teaching supplies and Textbooks	306,155	693,893	562,957	640,590
Capital Outlay		4,184	5,379	1,500
Other Expenditures	75,861	770,301	-	22,000
Total Support Services Pupil	36,348,117	27,407,020	26,607,953	39,368,197
Support Services				
Instructional Staff (22X)				
Salaries and Benefits	18,688,142	13,103,521	13,004,696	19,660,881
Purchased Services	5,469,954	9,522,679	12,051,423	19,036,225
Teaching Supplies and Textbooks	1,848,671	6,421,860	4,735,909	16,689,066
Capital Outlay	224,354	3,349,372	2,029,697	1,540,860
Other Expenditures	5,823,857	51,255	-	1,786,023
	32,054,978	32,448,687	31,821,725	58,713,055
General Administration (23X)				
Salaries and Benefits	5,846,806	6,786,681	4,173,524	
Purchased Services	22,460	879,237	2,909,540	1,988,846
Supplies and Materials	19,663	197,267	655,857	1,784,116
Capital Outlay		231,782	284,953	75,000
Other Expenditures		693,978	-	10,000
	5,888,928	8,788,944	8,023,874	3,857,962
School Administration (24X)				
Salaries and Benefits	2,770,951	5,080,065	546,692	6,563,555
Purchased Services	150,444	154,651	105,313	41,020
Supplies and Materials	336,530	805,384	189,187	20,000
Capital Outlay		76,465	69,901	45,000
Other Expenditures		101,213	-	-
	3,257,925	6,217,779	5,830,093	6,669,575
Business Services (25X)				
Salaries and Benefits	646,290	1,525,194	895,516	-
Purchased Services		85,271	1,303,132	954,923
Supplies and Materials		46,320	339,590	62,000
Capital Outlay		5,000	337,500	-
Other Expenditures		339,641	-	-
	646,290	2,001,426	2,875,738	1,016,923

DESIGNATED SPECIAL PURPOSE GRANT FUND (12) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised Per DEP	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
Operation and Maintenance (261)				
Salaries and Benefits	\$ 4,391		\$ 3,134,260	9,312,379
Purchased Services		26,842	279,073	186,936
Supplies and Materials			-	
Capital Outlay			350,512	
Other Expenditures			-	16,800
	4,391	26,842	3,763,845	9,516,115
Transportation (271)				
Salaries and Benefits		6,427		21,336
Purchased Services	11,778,309	11,767,304	10,652,816	21,959,903
Supplies and Materials		1,342,396		97,000
Capital Outlay		-		-
Other Expenditures		-		9,340
	11,778,309	13,116,127	10,652,816	22,087,579
Central Services (281)				
Salaries and Benefits	1,034,607	1,220,864	694,654	752,041
Purchased Services	1,740,073	2,177,948	2,140,208	517,268
Supplies and Materials	213,735	162,379	76,408	101,644
Capital Outlay		-	-	-
Other Expenditures	115,620	37,355	0	-
	3,104,035	3,598,546	2,911,270	1,370,953
Other (29X)				
Salaries and Benefits	360,712	-	-	18,607
Purchased Services	128,156	-	-	156,632
Supplies and Materials	187,970	-	-	-
Capital Outlay	-	-	-	-
Other Expenditures	-	-	-	-
	676,838	-	-	175,239
Total Support Services	57,411,695	66,198,350	65,879,361	101,973,376
Community Services (3XX)				
Salaries and Benefits	2,694,978	2,308,602	2,773,072	2,570,318
Purchased Services	128,572	1,948,419	938,958	1,403,459
Supplies and Materials	15,889	1,474,749	652,254	1,489,910
Capital Outlay	14,732	39,000	23,500	6,339
Other Expenditures	68,356		(2,000)	-
	2,922,526	5,770,770	4,385,784	5,470,026
Site Acquisition Services (45X)				
Salaries and Benefits	100,300			-
Purchased Services				-
Supplies and Materials	600,205			-
Capital Outlay				15,000
Other Expenditures				-
	700,505	-	-	15,000
Total Expenditures	\$ 282,635,836	\$ 321,258,977	\$ 327,734,123	\$ 327,771,053
Excess of Revenues Over Expenditures	10,004,724	6,771,756	-	12,555,734
Other Financing Sources (Uses)				
Transfers In	85,000			
Transfers Out	(10,089,724)	(3,669,627)	(8,669,627)	(12,555,734)
Total Other Financing Sources (Uses)	(10,004,724)	(3,669,627)	(8,669,627)	(12,555,734)
Net Change in Fund Balance	-	\$ 3,102,129	\$ (8,669,627)	-

DESIGNATED SPECIAL PURPOSE GRANT FUND (12) JULY 1, 2005

Note(s)

¹. **Title I** is the largest federal aid program for elementary and secondary schools. Title I provides money to school districts around the country based on the number of low-income families in the district. Each school district uses Title I funds to ensure that children in high poverty schools receive supplemental academic services and have the same opportunities as other children to meet the State's rigorous academic standards.

Section 31A is allocated to local school districts with a current year combined state and local revenue per pupil membership of less than or equal to \$6,500, as adjusted by index and public school academies. Section 31A funds may be used for instructional programs and direct non-instructional services, such as medical or counseling services; before or after school, add extra days to school year, use tutorial method with paraprofessionals under supervision of a certified teacher.



ADULT EDUCATION (FUND 13)

The Adult Education Fund is used to account for funds received from the state and local sources to provide for Adult Education.

ADULT EDUCATION FUND (13) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
<u>Projected Revenues</u>				
Local Sources				
State Sources	\$ 4,030,835	\$ 4,030,835	\$ 4,035,376	\$ 4,035,376
Federal Sources				
Total Revenues	<u>\$ 4,030,835</u>	<u>\$ 4,030,835</u>	<u>\$ 4,035,376</u>	<u>\$ 4,035,376</u>
<u>Projected Expenditures</u>				
<i>Instruction (1XX)</i>				
Salaries and Benefits	\$ 806,183	\$ 376,142	\$ 348,278	703,579
Purchased Services	282	-	-	
Teaching Supplies and Textbooks	1,302	-	358	
Capital Outlay	-	-	-	
Other Expenditures	-	966	-	
Total Instruction	<u>807,767</u>	<u>377,108</u>	<u>348,636</u>	<u>703,579</u>
<i>Support Services Pupil (21X)</i>				
Salaries and Benefits	19,518	1,750	(3,977)	295,194
Purchased Services	-	-	-	
Teaching supplies and Textbooks	-	-	-	
Capital Outlay	-	-	-	
Other Expenditures	-	-	-	
Total Support Services Pupil	<u>19,518</u>	<u>1,750</u>	<u>(3,977)</u>	<u>295,194</u>
<u>Support Services</u>				
<i>Instructional Staff (22X)</i>				
Salaries and Benefits	30,538	1,073,658	2,927,278	
Purchased Services	1,681	3,181	709	
Teaching Supplies and Textbooks	1,513	2,513	820	
Capital Outlay	-	-	-	
Other Expenditures	-	-	-	
	<u>33,731</u>	<u>1,079,351</u>	<u>2,928,807</u>	
<i>School Administration (24X)</i>				
Salaries and Benefits	1,042,096	1,160,148	1,207,917	3,011,310
Purchased Services	1,088,989	1,545,600	921,619	
Supplies and Materials	9,075	18,916	53,446	12,999
Capital Outlay	1,681	11,206	831	
Other Expenditures	1,023,313	905,748	2,788	
	<u>3,165,154</u>	<u>3,641,618</u>	<u>2,186,601</u>	<u>3,024,309</u>
<i>Operation and Maintenance (261)</i>				
Salaries and Benefits	-	-	423	
Purchased Services	-	-	2,333	
Supplies and Materials	-	-	21,288	
Capital Outlay	-	-	-	
Other Expenditures	-	-	-	
	<u>-</u>	<u>-</u>	<u>24,044</u>	

ADULT EDUCATION FUND (13) JULY 1, 2005

	FY 2005 Adopted		FY 2005 Revised		FY 2005 Actuals (Unaudited)		FY 2006 Adopted Budget
<i>Central Services (281)</i>							
Salaries and Benefits	\$ 4,665		\$ 4,666		\$ 4,762		\$ 12,294
Purchased Services			-				
Supplies and Materials			-				
Capital Outlay			-				
Other Expenditures			-				
	4,665		4,666		4,762		12,294
<i>Total Expenditures</i>	\$ 4,030,835		\$ 5,104,493		\$ 5,464,829		\$ 4,035,376
<i>Excess of Revenues Over Expenditure</i>	-		1,073,658		1,429,453		-
<i>Net Change in Fund Balance</i>	-		\$ 1,073,658		\$ 1,429,453		-



SPECIAL EDUCATION (FUND 22)

The Special Education Fund is used to account for, monitor, and maintain funds related to all special education programs and facilities. The main sources of revenue for this fund include Federal, State, County, Local agencies, and a subsidy from the General Fund.

In addition to the programs available at various schools, Detroit Public Schools currently has 9 schools in the District that are devoted solely to the needs of special education students.

There are many programs available to serve the needs of Special Ed. students. These programs are budgeted consistent with all Federal, State and County Mandates.

SPECIAL EDUCATION FUND (22) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
<u>Projected Revenues</u>				
Local Sources - Special Education Millage	\$ 60,500,000	\$ 62,763,941	\$ 68,318,472	\$ 62,763,941
State Sources - State Aid	90,500,000	83,738,888	90,175,800	88,293,670
Federal Sources	-			
Total Revenues	\$ 151,000,000	\$ 146,502,829	\$ 158,494,272	\$ 151,057,611
<u>Projected Expenditures</u>				
<u>Instruction (1XX)</u>				
Salaries and Benefits	\$ 151,175,334	\$ 162,549,901	\$ 137,904,605	145,262,794
Purchased Services	4,840,083	4,566,918	2,583,955	4,137,953
Teaching Supplies and Textbooks	4,194,571	2,246,850	1,691,449	4,922,609
Capital Outlay	398,492	395,895	392,210	430,588
Other Expenditures	1,158	3,829	60	-
Total Instruction	160,609,637	169,763,393	142,572,279	154,753,944
<u>Support Services Pupil (21X)</u>				
Salaries and Benefits	35,161,367	40,448,779	40,282,638	42,743,128
Purchased Services	137,119	62,296	264,164	374,106
Teaching supplies and Textbooks	353,232	271,826	93,156	343,034
Capital Outlay	25,943	19,506	19,506	25,943
Other Expenditures	21,556	21,148	-	-
Total Support Services Pupil	35,699,216	40,823,554	40,659,464	43,486,211
<u>Support Services</u>				
<u>Instructional Staff (22X)</u>				
Salaries and Benefits	2,570,207	6,352,672	5,875,973	8,045,369
Purchased Services	116,027	1,085	18,265	123,079
Teaching Supplies and Textbooks	48,515	-	-	-
Capital Outlay		-	-	50,000
Other Expenditures		-	-	2,995
	2,734,749	6,353,757	5,894,238	8,221,443
<u>General Administration (23X)</u>				
Salaries and Benefits				91,657
Purchased Services				-
Supplies and Materials				-
Capital Outlay				-
Other Expenditures				-
	-	-	-	91,657
<u>School Administration (24X)</u>				
Salaries and Benefits	21,600,970	18,988,959	18,005,873	20,816,707
Purchased Services	1,871,198	1,659,364	1,461,516	2,031,406
Supplies and Materials	244,764	145,338	109,022	303,694
Capital Outlay	125,120	107,011	57,884	112,157
Other Expenditures	-	905,748	14,754	-
	23,842,052	21,806,420	19,649,049	23,263,963

SPECIAL EDUCATION FUND (22) JULY 1, 2005

Notes: The subsidy from General Fund/ General purpose (fund 11) has increased from \$51 million to \$79 million. The difference is a result of a decrease in revenue, increased Health life, Life, Dental, Vision (HDLV) MSPERS, step and lane changes, increased mandated compliancy and the addition of senior teachers.

	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
Operation and Maintenance (261)				
Salaries and Benefits	\$ 1,746	\$ 31,063	-	-
Purchased Services	-	-	-	34,698
Supplies and Materials	-	-	-	-
Capital Outlay	-	-	-	-
Other Expenditures	-	-	1,744	-
	<u>1,746</u>	<u>31,063</u>	<u>1,744</u>	<u>34,698</u>
Transportation (271)				
Salaries and Benefits	-	-	-	-
Purchased Services	273,660	314,469	921,740	351,045
Supplies and Materials	-	-	-	-
Capital Outlay	-	-	-	-
Other Expenditures	-	-	-	-
	<u>273,660</u>	<u>314,469</u>	<u>921,740</u>	<u>351,045</u>
Central Services (281)				
Salaries and Benefits	538,940	538,940	448,824	446,597
Purchased Services	-	-	-	-
Supplies and Materials	-	-	-	-
Capital Outlay	-	-	-	-
Other Expenditures	-	-	-	-
	<u>538,940</u>	<u>538,940</u>	<u>448,824</u>	<u>446,597</u>
Total Support Services	<u>27,391,147</u>	<u>29,044,649</u>	<u>26,915,595</u>	<u>32,344,925</u>
Total Expenditures	<u>\$ 223,700,000</u>	<u>\$ 239,631,596</u>	<u>\$ 210,147,338</u>	<u>\$ 230,649,557</u>
Excess of Revenues Over Expenditure	<u>(72,700,000)</u>	<u>(93,128,767)</u>	<u>(51,653,066)</u>	<u>(79,591,946)</u>
Other Financing Sources (Uses)				
Transfers In	72,700,000	77,197,149	51,653,066	79,591,946
Transfers Out	-	-	-	-
Note Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>72,700,000</u>	<u>77,197,149</u>	<u>51,653,066</u>	<u>79,591,946</u>
Net Change in Fund Balance	<u>-</u>	<u>\$ (15,931,618)</u>	<u>-</u>	<u>-</u>



RISK RELATED ACTIVITIES (FUND 89)

The Risk Related Activities Fund is used to account for the payment of transactions for all claims, premiums, fees and administrative services, related to risk related activities.

The District's definition of such claims, premiums and fees include but are not limited to management services, cost for claims services, safety and loss control programs and initiatives, preventative and cost control activities, consultant services, and project specific research and development.

RISK RELATED ACTIVITIES FUND (89) JULY 1, 2005

	FY 2005 Adopted		FY 2005 Revised		FY 2005 Actuals (Unaudited)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 20,000,000		\$ 20,000,000		\$ 16,350,780
Transfers Out	-		-		
Total Other Financing Sources (Uses)	20,000,000		20,000,000		16,350,780
<u>Projected Expenditures</u>					
<i>Business Services (25X)</i>					
Salaries and Benefits	\$ 10,513,204		\$ 10,513,204		\$ 10,539,688
Purchased Services	7,991,230		4,371,966		4,371,966
Teaching Supplies and Textbooks	49,000		49,000		29,847
Capital Outlay	10,000		10,000		3,036
Other Expenditures			9,999		826
	18,563,435		14,954,169		14,945,363
<i>Operations & Maintenance (26X)</i>					
Salaries and Benefits					
Purchased Services					560,510
Teaching Supplies and Textbooks					
Capital Outlay					
Other Expenditures					
	-		-		560,510
<i>Central Services (28X)</i>					
Salaries and Benefits	1,404,713		1,404,713		839,798
Purchased Services	29,452		29,453		5,109
Teaching Supplies and Textbooks	2,400		8,399		
Capital Outlay	-		-		
Other Expenditures			-		
	1,436,565		1,442,565		844,907
Total Expenditures	\$ 20,000,000		\$ 16,396,734		\$ 16,350,780
Net Change in Fund Balance	-		\$ 3,603,266		-



ATHLETICS (FUND 21)

The Athletics Fund accounts for the athletic operations of the District's middle and high schools. This Fund also supports its numerous athletic programs for boys and girls during the fall, winter and spring seasons on both the junior varsity and varsity levels. Allocations are distributed to the schools bi-annually to be used to support the schools with their purchases of equipment, uniforms and operating costs where the school incurs expenses for referees, officials and emergency services.

In addition, Fund 21 provides support for the entire District for:

- Salaries for all coaches
- Referees, officials
- Transportation to all sports events
- Reimbursement for student expenses
- Printing of athletic publications and tickets

Revenues collected from the games are deposited into the schools' various athletic accounts. The money is used to defray the costs to host the games at the various school sites.

ATHLETICS FUND (21) JULY 1, 2005

	FY 2005 Adopted		FY 2005 Revised		FY 2005 Actuals (Unaudited)		FY 2006 Adopted Budget
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 2,608,000		\$ 2,608,000		\$ 3,000,000		\$ 2,608,000
Transfers Out	-		-				
Total Other Financing Sources (Uses)	2,608,000		2,608,000		3,000,000		2,608,000
<u>Projected Expenditures</u>							
Salaries and Benefits	\$ 527,013		\$ 527,013		\$ 1,054,206		\$ 1,000,000
Purchased Services	35,000		35,000		1,473,864		1,600,000
Teaching Supplies and Textbooks	740,019		740,019		471,930		8,000
Capital Outlay	1,305,968		1,305,968				
Other Expenditures							
	2,608,000		2,608,000		3,000,000		2,608,000
Total Expenditures	\$ 2,608,000		\$ 2,608,000		3,000,000		\$ 2,608,000
<u>Net Change in Fund Balance</u>	-		-		0		-



FOOD SERVICE (FUND 25)

The Food Service Fund is an enterprise fund (operated in a manner similar to private business) in which the costs of providing goods and services are to be recovered primarily through user charges. This fund is used to account for providing goods, services and food to students. The main purpose of this Fund is to keep apart, the appropriation, revenue, and expenditures related to food service. The Food Service Fund generates revenue from several sources. Although the primary source of revenue is a federal subsidy, revenue is also generated through ala carte sales and catering

FOOD SERVICE FUND (25) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
Projected Revenues				
Local Sources				
Sales to Pupils	\$ 4,331,768	\$ 4,331,768	\$ 5,075,794	\$ 3,935,789
Other	2,567,704	2,567,704	1,065,976	2,244,068
Total Local Sources	6,899,472	6,899,472	6,141,770	6,179,857
State Sources				
At Risk	1,087,480	1,087,480	1,017,500	1,087,480
Other	3,036,423	3,036,423	3,772,405	2,516,643
Total State Sources	4,123,903	4,123,903	4,789,905	3,604,123
Federal Sources				
National School Lunch	38,509,896	38,509,896	35,436,429	33,506,075
USDA Entitlement	519,774	519,774	519,774	454,260
Total Federal Sources	39,029,670	39,029,670	35,956,203	33,960,335
Total Revenues	\$ 50,053,045	\$ 50,053,045	\$ 46,887,878	\$ 43,744,315
Projected Expenditures				
Salaries and Benefits	19,891,036	19,891,036	18,357,596	19,302,947
Purchased Services	26,690,335	26,690,335	25,184,547	21,528,868
Teaching Supplies and Textbooks	78,605	78,605	73,800	60,000
Capital Outlay	100,000	100,000	1,754,530	2,020,000
Other Expenditures	3,293,069	3,293,069	686,900	832,500
Total Expenditures	\$ 50,053,045	\$ 50,053,045	\$ 46,057,373	\$ 43,744,315
Excess of Revenues Over Expenditures	-	-	830,505	-
Beginning Fund Balance	-	-	675,245	1,505,750
Ending Fund Balance	-	-	\$ 1,505,750	\$ 1,505,750



BOND REDEMPTION (FUND 31)

The Bond Redemption Fund is used to account for the interest and principal payments on bond issues approved by the public.

BOND REDEMPTION FUND (31) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
<u>Projected Revenues</u>				
<i>Local Sources</i>				
Property Taxes	95,442,337	95,442,337	104,232,860	\$ 105,983,422
Earnings on Investments	390,000	390,000	700,000	750,000
Proceeds from Bond Loan Program	15,000,000	15,000,000	-	
Total Revenues	\$ 110,832,337	\$ 110,832,337	\$ 104,932,860	\$ 106,733,422
<u>Projected Expenditures</u>				
Principal Retirement	39,800,000	39,800,000	40,145,000	42,155,000
Payment of Interest	76,500,000	76,500,000	75,710,792	74,500,000
Dues and Fees			9,300	10,000
Total Expenditures	116,300,000	116,300,000	115,865,092	116,665,000
<i>Excess of Revenues Over Expenditures</i>	(5,467,663)	(5,467,663)	(10,932,232)	(9,931,578)
Beginning Fund Balance	43,750,473	43,750,473	41,887,223	30,954,991
Ending Fund Balance	\$ 38,282,810	\$ 38,282,810	\$ 30,954,991	\$ 21,023,413



JUDGMENT LEVY (FUND 32)

The Judgment Levy Fund is used to account for taxes levied to pay for judgments entered against the District.

JUDGMENT LEVY FUND (32) JULY 1, 2005

	FY 2005 Adopted		FY 2005 Revised		FY 2005 Actuals (Unaudited)		FY 2006 Adopted Budget
Projected Revenues							
Local Sources							
Property Taxes							\$ 618,565
Total Revenues	<u>-</u>		<u>-</u>		<u>-</u>		<u>\$ 618,565</u>
Projected Expenditures							
Purchased Services							618,565
Total Expenditures	<u>-</u>		<u>-</u>				<u>\$ 618,565</u>
Excess of Revenues Over Expenditure	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Beginning Fund Balance	702,811		702,811		1,370,428		1,370,428
Ending Fund Balance	<u>\$ 702,811</u>		<u>\$ 702,811</u>		<u>\$ 1,370,428</u>		<u>\$ 1,370,428</u>



BUILDING FUND-DURANT BOND (FUND 41)

The District issued bonds in the amount of \$59,304,433 in November, 1998 pursuant to the opinion of the Michigan Supreme Court case known as Durant V State of Michigan. Funds are spent in accordance with Section 1351a of the Revised School Code. Typical expenditures are: Roof and Boiler Replacements, Site Acquisitions, Site Lighting, Athletic Facilities, Security Infrastructure, School Buses, Educational Technology and Equipment, Remodeling and Hazardous Abatement.

DURANT BOND FUND (41) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
<u>Projected Revenues</u>				
<i>Local Sources</i>				
Earnings on Investments	\$ 200,000	\$ 200,000	\$ 80,000	\$ 80,000
Total Revenues	\$ 200,000	\$ 200,000	\$ 80,000	\$ 80,000
<u>Projected Expenditures</u>				
Capital Outlay	5,600,000	5,600,000	800,000	4,714,198
Total Expenditures	\$ 5,600,000	\$ 5,600,000	\$ 800,000	\$ 4,714,198
<i>Excess of Revenues Over Expenditure</i>	(5,400,000)	(5,400,000)	(720,000)	(4,634,198)
Beginning Fund Balance	5,400,000	5,400,000	5,354,198	4,634,198
Ending Fund Balance	-	-	\$ 4,634,198	-



BUILDING FUND- 1994 BOND PROGRAM (FUND 44)

This Fund is used to account for the proceeds of the \$1.5 Billion Bond Program authorized by the voters in 1994.

1994 BOND PROGRAM FUND (44) JULY 1, 2005

	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actuals (Unaudited)	FY 2006 Adopted Budget
Projected Revenues				
<i>Local Sources</i>				
Earnings on Investments	\$ 4,500,000	\$ 4,500,000	\$ 7,315,044	\$ 6,000,000
Total Revenues	\$ 4,500,000	\$ 4,500,000	\$ 7,315,044	\$ 6,000,000
Projected Expenditures				
Salaries	\$ 400,000	\$ 400,000	\$ 453,708	\$ 600,000
Fringes	117,000	117,000	142,317	190,000
Capital Outlay	300,000,000	300,000,000	229,866,348	210,845,802
Total Expenditures	300,517,000	300,517,000	230,462,372	211,635,802
Excess of Revenues Over Expenditures	(296,017,000)	(296,017,000)	(223,147,329)	(205,635,802)
Beginning Fund Balance	498,571,663	498,571,663	428,783,131	205,635,802
Ending Fund Balance	\$ 202,554,663	\$ 202,554,663	\$ 205,635,802	-



GLOSSARY 2006

GLOSSARY

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Accountability

The capability and the responsibility to account for the expenditure of money and the commitment of other resources in terms of the results achieved. This involves both the stewardship of money and other resources and the evaluation of achievement in relation to specified goals.

Accounts Payable

Liabilities on open accounts owing to persons, firms, or corporations for goods and services received by a governmental unit (but not including amounts due to other funds of the same governmental unit or to other governmental units).

Accrue

To record revenues when earned or when levies are made, and to record expenditures as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made. Sometimes the term is used in a restricted sense to denote the recording of revenues earned but not yet due, such as accrued interest on investments and the recording of expenditures which result in liabilities that are payable in another accounting period, such as accrued interest on bonds.

Appropriation

An authorization granted by a legislative body to incur obligations and to expend public funds for a stated purpose. The expenditure of an appropriation is usually limited in amount and time.

Appropriations Account

The account records authorization granted by the legislative body to make expenditures and to incur a balance sheet prepared during the fiscal period. At the end of the fiscal period, the *Appropriations* account is closed out and does not appear in the balance sheet prepared at the close of the fiscal period.

Assessed Valuation

A valuation set upon real estate or other property by a government as a basis for levying taxes.

Auditor's Opinion

A statement signed by an auditor in which he or she states that he or she has examined the financial statements in accordance with generally accepted auditing standards (with exceptions, if any) and in which he or she expresses an opinion on the financial position and results of operations of some or all of the constituent funds and balanced account groups of the government as appropriate.

Balanced Budget

A budget in which estimated revenues are equal to or greater than estimated expenditures.

Budget

A plan of financial operations embodying an estimate of proposed expenditures for a given period and purpose and the proposed means of financing that plan.

Building and Site Funds

Record transactions to account for receipt and disbursement of monies used for the acquisition of capital assets, including equipment. The principle sources of revenue are from the sale of bonds and earned interest.

Capital Outlay

Amounts paid for the acquisition of fixed assets or additions to fixed assets which are presumed to have benefits for more than one year. Amounts expended for land or existing buildings, improvements or grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial, additional, and replacement of equipment.

Compensation for Loss of Assets

Compensation or insurance recoveries for loss of school property. Gross expenditures from the proceeds should be charged to the proper expenditures account. Separate accounts may be maintained for buildings, contents, and other.

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Current Expense

Federal definition: Any expenditure except for capital outlay, debt service, and transfers. If any accounts are kept on accrual basis, current expense includes total charges incurred, whether paid or unpaid. If accounts are kept on the cash basis, it includes only actual disbursement.

Debt Retirement Funds

The receipt of funds for the payment of interest and principle and other expenses associated with long term debt are recorded in the Debt Service Fund. The primary source of revenue are debt retirement tax levies and earned interest.

Deficit

An excess of expenditures over revenue.

Deficit Elimination Plan (DEP)

A Deficit Elimination Plan (DEP) is developed to eliminate a deficit. (The DEP can be reviewed on the District's website, www.detroitk12.org at DPS Quick Links, Deficit Elimination Plan).

Department ID

The group and type of educational activities for organizational purposes. A code identifying the units of which have discriminating characteristics, include individual schools, in most cases, and can be used to designate school cost centers. Budgets and expenditures may be made for each school or operational unit.

Discretionary

Funds appropriated and expended to run most schools or departments day to day activities. Common general descriptions for these expenditure areas are supplies, services, and equipment.

Within the General Fund these funds are under the direct control of the school or department. The school is responsible for ensuring that they never over expend their Discretionary Budgets.

District

Any public school district organized under the laws of Michigan, except a junior college district.

Expenditures

Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlay.

Expenses

Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

Fiscal Year

July 1 through June 30 constitutes the mandatory fiscal year for public school districts.

Fixed Assets

Land, buildings, machinery, furniture, and other equipment which the school district intends to hold or continue in an asset.

Food Service Fund

A type of enterprise fund used to record financial transactions related to food service operations.

GLOSSARY

Fringe Benefits

Funds appropriated and expended to pay the cost of providing employee health, life, dental, and vision coverage, FICA and Medicare, and the employer portion of the Michigan Public School Employee Retirement System. Commonly referred to as employer paid benefits or fringe benefits.

Note: Controlled and administered centrally - Schools or departments are not responsible for over-expenditures, nor are they allowed to utilize under expenditures in this category within the General Fund. Budgetary control is maintained by controlling the number of staffing units a school or department is authorized to have and then ensuring that they remain within authorization.

Function

The basic account identifier for expenditures. It describes the activity for which a service or material is acquired.

Fund

A fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and charges therein, which are segregated for the purpose of carrying on specific duties.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups in order to report on its financial position and results of its operations.

Fund Balance

The excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and appropriations for the period.

GASB

The Government Accounting Standards Board was established as an arm to the Financial Accounting Foundation in April 1984 to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local government entities. The GASB is the successor organization to the National Council on Governmental Accounting (NCGA).

General Fund

The fund used to finance the ordinary operations of the local education agency. It is available for any legally authorized purpose and consists of all school money not specifically designated for some particular purpose.

Grants

Contributions or gifts of cash or other assets from another government to be used or expended for a special purpose, activity, or facility.

Non-Discretionary

Funds appropriated and expended to pay for utilities and/or utility type expenditures. Common descriptions associated with these types of expenditures are, heat, light, and electric. Other types of expenditures may be controlled at this level such as the fuel for the school buses.

Note: Controlled and administered centrally.* Schools or departments are not responsible for over expenditures, nor are they allowed to utilize under expenditures in this category within the General Fund. Budgetary control is maintained by controlling the budget assigned to these areas and then monitoring expenditures at the District level.

GLOSSARY

Object

As used in expenditure classification, this term applies to the article purchased or the service obtained.

Operating Budget

The authorized revenues and expenditures for on-going District services and is the primary means by which the District is controlled.

Pension System

A retirement plan whereby persons leaving service in the educational system because of age, disability, or length of service receive payments. Payments may be made either in a lump sum or in the form of an annuity.

Pupil Enrollment

For any budget year, the number of pupils enrolled.

Pupil Funding

For a district for any budget year, pupil funding is derived by multiplying the pupil enrollment of the district for said budget year by the sum of three pupil funding components for the district setting category.

Purchased Services

Amount paid for services rendered by persons, organizations or other agencies for a service or product required to obtain the desired results. Examples are travel allowance, heating, lawn equipment repair, printing, equipment rental, etc.

Reserve

An account which records a portion of the fund balance which is designated for some future use and which is, therefore, not available for further appropriation or expenditure. A Reserve for Inventories equal in amount to the Inventory of Supplies on the balance sheet of a General Fund is an example of such a reserve.

Restricted

Funds appropriated to ensure strict compliance with governmental accounting requirements. Examples of such funds are inter-fund transfer budgets and fund balance budgets.

Note: Controlled and administered centrally. *Only the accounting department is allowed to conduct business against these accounts and funds. Charges against these funds are made in strict compliance with governmental accounting requirements.

Retirement Fund System

A plan whereby a fund of money, built up through contributions from participations and other sources, is used to make regular payments to those who retire from service in the educational system by reason of age, disability, or length of service.

Revenue

Increase in governmental fund type net current assets from other than expenditure refunds and fund balance transfers.

Salaries

Funds appropriated and expended to pay the actual salaries of employees charged to a specific school or department.

Note: Controlled and administered centrally. *Schools or departments are not responsible for over expenditures, nor are they allowed to utilize under expenditures in this category within the General Fund. Budgetary control is maintained by controlling the number of staffing units a school or department is authorized to have and then ensuring that they remain within authorization.

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Special Revenue Funds

All transactions for those specific revenue sources requiring separate accounting due to legal and regulatory restrictions as administrative action. Included are programs for early childhood development, job training, gifted and talented children, free lunch and other programs.

State Board

State board means the State Board of Education.

Supplies

An expenditure object within an activity, which includes all supplies that have useful life of less than one year. Amounts paid for material items that are consumed for the operation of the District. Examples are general instruction, music, language development, textbooks, dictionaries, audiovisual, tools, etc.

Taxes

Compulsory charges levied by a government for financing services performed for the common benefit.

Transfer In-Out

A legally authorized funding transfer between funds in which one fund is responsible for the actual disbursement.

**Account categories identified as "Controlled and administered centrally" are not to be used as an expense account for day to day school activities.*