



ARLINGTON CLASSICS ACADEMY

PROPOSED AND ADOPTED BUDGET FOR THE 2010-11 SCHOOL YEAR



Prepared by

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Director of Administration

MISSION:

The mission of Arlington Classics Academy is to equip a diverse student body with a commanding knowledge of western civilization, the origins of our liberty, and the ability to sustain liberty through moral leadership.

VISION:

Arlington Classics Academy is to be an educational institution of academic excellence that provides a college preparatory, liberal arts curriculum, delivered through a classical style of instruction.

WHAT WE BELIEVE:

Arlington Classics Academy academic philosophy is simple; we will provide a challenging, enriching, and rewarding educational experience to every child attending our school. We are required by the Texas Education Agency to teach the Texas Essential Knowledge and Skills (TEKS) curriculum in every public school. However our curriculum is not limited to these minimum requirements. The school's educational goal is to develop students who are fully armed with all the tools western civilization has to offer. These tools include a clear understanding of American culture and those that preceded it. We believe that the western world is the primary basis for our culture, our liberty, and our social customs. Our culture has grown from the heritage of the ancient Egyptians, Greeks, and Romans to its current state. In order to accomplish these educational goals we employ a classical education method and incorporate Core Knowledge. Let's explore what each of these concepts is in a little more depth.

Classical education depends upon a three-part process of training the mind. The early years of school are spent in absorbing facts, systematically laying the foundations for advanced study. In the middle grades, students learn to think through arguments. In the high school years, they learn to express what they have learned in a polished and effective way. This classical patten of learning is called the trivium.

In addition we have integrated Core Knowledge into our curriculum. The Core Knowledge movement is an educational reform based on the premise that a student should learn a core of common knowledge at each grade level. This core of common knowledge has been sequenced in grades Kindergarten through 8th Grade and helps each student establish strong foundations of knowledge.

Arlington Classics Academy also provides each student with enrichment learning. Students are given Spanish language training from Kindergarten forward. They are provided classes in art and music. Students are given opportunities to participate in extracurricular activities and are also given opportunities to volunteer and give back to our community. Additionally they are provided health, fitness, and physical education classes as well.

We are dedicated to serving all of our students and committed to setting and maintaining high academic standards. We measure our performance against these standards through regular benchmark evaluations.

Funding:

Arlington Classics Academy is an open enrollment charter school. Open enrollment charter schools are part of the public school system of the State of Texas. We are given Foundation School Program monies by the State for each student who attends our school. Arlington Classics Academy is also eligible to participate in grants provided by the United States Department of Education. Additionally, Arlington Classics Academy is an IRS approved non-profit organization. We perform our own private fundraising to supplement the funds provided by the state.

GOVERNANCE:

Arlington Classics Academy is overseen by a 10-member Board of Directors. Nine of the ten members are self-elected to 3-year terms with staggered expirations so that all positions are not open on the board at the same time. The tenth member is an appointed representative of our Parent Teacher Organization.

Regular meetings of the board are scheduled for the second and third Thursday of each month and are held in the ACA campus cafeteria. Special meetings are scheduled as needed. Proper notice of all meetings is provided in accordance with the Texas Open Meetings Act. Board meeting notices are posted on the front door of the administrative offices, on the front door of the campus, and on the ACA web site.

In general, the board adopts policies, sets the curriculum, employs the Director of Administration and Directors of Education, and oversees the operations of ACA and its campuses. Besides general Board business, directors are charged with compliance with numerous statutory regulations. Major duties and responsibilities of the Board include, but are not limited to, adopting the policies, reviewing and approving administrative procedures, setting salary schedules, acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, approving purchases more than \$5,000, and adopting the annual budget.

The Board has responsibilities and control over all activities related to ACA. They solicit and consider input from members of the public concerning ACA's policies, procedures, and operations.

LEGAL REQUIREMENTS FOR ACCOUNTING AND BUDGETING:

ACA's accounting system must make it possible to present fairly and with full disclosure the funds and activities of our school in conformity with generally accepted accounting principles, and to determine and demonstrate compliance with finance-related legal and contractual provisions. ACA has a contract with Educational Service Center Region XI to perform bookkeeping services. This relationship helps us conform to this legal requirement by giving us access to accounting software that is fully compliant with the State's Public Education Management Information System standards. This arrangement also gives us access to trained, certified staff to assist us in recording our daily accounting transactions in accordance with generally accepted accounting principles and in compliance with the TEA financial reporting standards.

ACA must use a modified form of governmental fund accounting basis. A fund is defined as 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. Fund financial statements are used to report detailed information about the school, including our blended component units. The charter school fund accounting is modified from the traditional school district, to recognize that the school is a private, nonprofit corporation.

ACA's fiscal year is from September 1st of the current year to August 31st of the next year. Basically, this is the same calendar as our school year is on. Therefore, our budget requirements are as follows:

- Not later than August 20th of each year, the Director of Administration must prepare a budget for our school; and
- The President of the Board must call a public meeting of the board of directors, and cause a notice to be issued to parents and staff, of the public meeting to discuss and adopt the budget; and
- Any parent or ACA staff member may be present and participate in this meeting; and
- Concurrently with the publication of the notice of the budget above, and we must post a summary of the proposed budget on ACA's website. Copies of the budget will also be available at our administrative offices for those who do not have internet access; and

- The budget must be prepared in accordance with generally accepted accounting principles; and
- The Board must approve the budget by August 31st; and
- Budgets for the General Fund, Food Service Fund, and Debt Service Fund (whether accounted for in the General Fund, a Special Revenue Fund, or an Enterprise Fund), must be included in the legally adopted budget; and
- No funds may be expended in any manner other than as provided for in the adopted budget. The board does have the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures; and
- The Director of Administration will cause the approved budget to be filed with TEA through the first submission of PEIMS.

TYPES OF MONIES RECEIVED BY ACA:

ACA has three primary sources of funding: Federal Revenues, State Revenues and Local Revenues. We will explore these in a little more detail to provide you an understanding before we present our data.

Federal Revenues are those monies provided by the Federal government through the United States Department of Education. Federal revenues are grants that ACA must apply for each year. Which grants we are eligible for may change from year-to-year. Some grants are single-year grants and must be spent in the school year in which we receive them. Other grants are multi-year grants that may be split between two or more school years. American Recovery and Reinvestment Act (ARRA) funds are a primary example of multi-year grants. Some of the categories of funds received by ACA were for the period 2009-2011. The ACA Board of Directors has no discretion or control over Federal funds, therefore these are included in this document for informational purposes only.

State Revenues flow to ACA through the Foundation School Program formulas. We receive the funding through a complex set of formulas that are set by our Legislatures and overseen by the Texas Education Agency. These funds are “earned” as our students attend classes. Foundation School Program formula payments are made to ACA by the State of Texas in 12 monthly payments.

Local Funds come from fundraising efforts and enterprise operations. Since these funds are self generated, both are a part of the legally adopted budget. Prior to this year, fundraising efforts were primarily conducted by our Board of Directors. This year we will be adding a Community Relations/Fundraiser/Volunteer Coordinator position to our staff. This should significantly enhance our ability to raise local funds. Local funds are recorded as charitable donations revenue to the ACA general fund and the donor is provided a letter and receipt documenting their donations for income tax purposes.

Enterprise operations are those operations that are designed to make a profit for ACA. Homework and Health, our afterschool care program, is our major enterprise operation. We charge tuition for student participation in Homework and Health. In exchange, the student receives help from selected staff in the areas of homework, preparation for major assessments, and health and wellness. The program is run by our teaching staff. This program is budgeted for separately and the projected annual profit transferred into the General Fund.

Projected Revenues



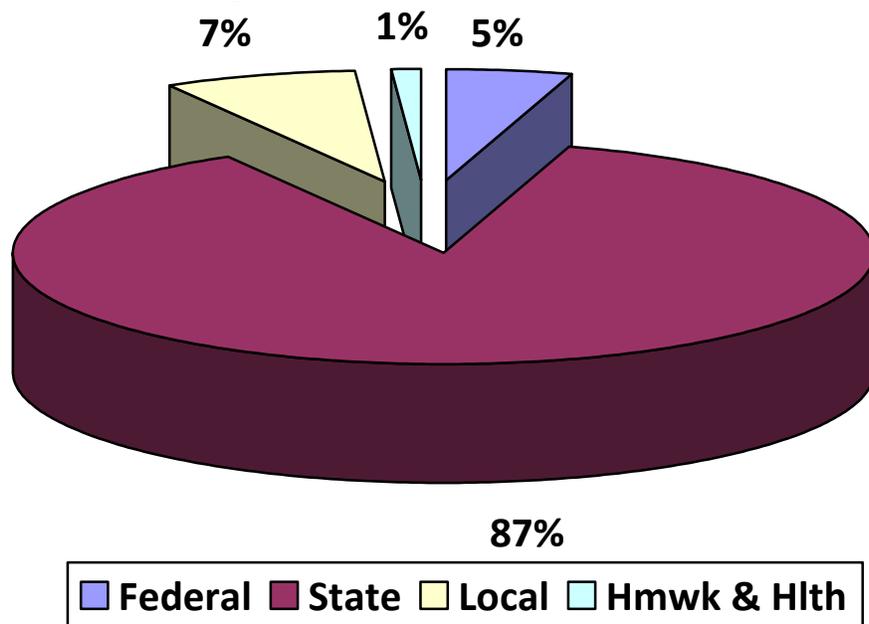
The 2010-11 budget is based upon certain assumptions. These are:

- ACA will enroll a minimum of 500 students in the upcoming school year; and
- Students will average a 95% overall daily attendance rate throughout the school year; and
- Our current mix of special population students will not change significantly; and
- Our current population of students who are bilingual or have limited proficiency in the English language will not change significantly.

Projected Revenues for the 2010-11 School Year:

<i>Description</i>	<i>Amount</i>
<i>Federal Revenues</i>	\$ 188,321
<i>State Revenues</i>	3,468,369
<i>Local Revenues</i>	291,300
<i>Transfer in from Homework & Health</i>	42,000
Total Projected Revenues	\$ 4,102,991

Budgeted Revenues for 2010-11



State Funds of approximately \$3.4 million make up 87% of ACA's total budget. Major elements of the State Funding include the following:

- Approximately \$3.2 million for our regular education programs
- Approximately \$98,000 for our special education programs
- Approximately \$5,900 for our bilingual education programs.

Federal Funds of approximately \$188,300 account for 5% of ACA's total budget. Major elements of the Federal Funds include:

- Approximately \$68,500 in Individuals with Disabilities Education Act, Part B – Formula American Recovery and Reinvestment Act which are being used to fund a Special Education Coordinator and provide funds to hire professional diagnostic and evaluation services to support our special education programs.
- Approximately \$45,300 in Individuals with Disabilities Education Act, Part B – Formula grants to help pay for the salary of a Special Education Teacher at the campus.
- Approximately \$74,400 is a one-time allocation of federal State Fiscal Stabilization Funds that came from the American Recovery and Reinvestment Act which are being used to provide one-time technology improvements to our classrooms.

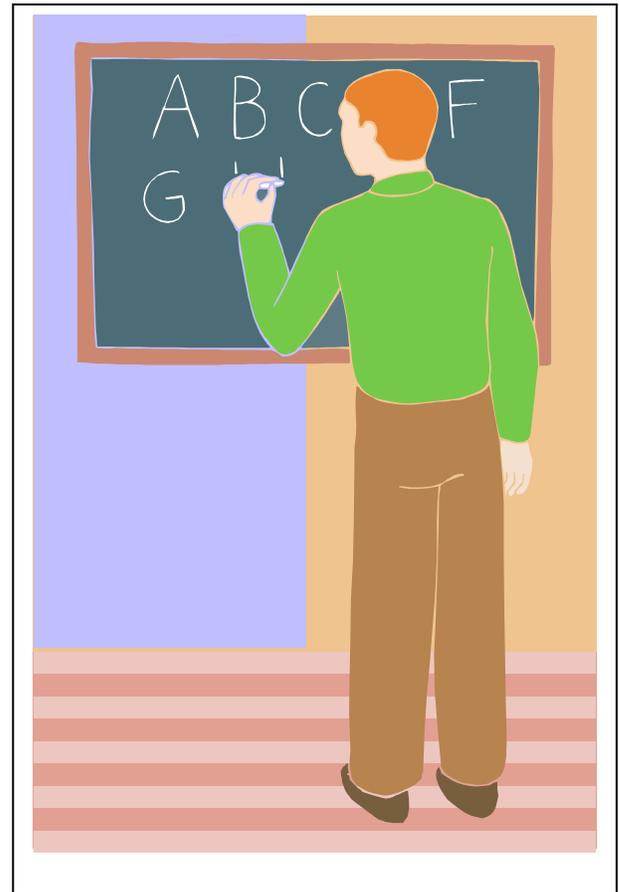
Local funds of approximately \$291,300 make up 6% of ACA's total budget. Major elements of Local Funds include:

- Approximately \$24,000 in revenues raised by the Board of Directors at their Annual Auction
- Approximately \$17,300 in additional revenues raised from charitable contributions by the new Community Relations/Fundraiser/Volunteer Coordinator
- Approximately \$250,000 of prior expenditures refunded by bond funds sold to renovate our new campus

Enterprise funds of approximately \$113,000 make up 1% of ACA's total budget.

- This is an afterschool care and enrichment program provided by campus staff
- Major elements include tutoring, homework assistance, and health education

Appropriations



Appropriations for the 2010-11 School Year:

BACKGROUND:

An appropriation is the act of assigning a purpose to the funds we receive. So, appropriations are a fancy way of saying that we are setting aside a specific number of dollars for paying teachers salaries or our electric bill during the next school year. In this section we will continue to look at all funds: Federal, State, and Local as we discuss the proposed appropriations that we anticipate needing during the 2010-2011 school year. These appropriations are broken down into one of four buckets: Payroll, Professional & Contracted Services, Supplies and Materials, and Debt Service. Let's look at each of these in a little more depth

PAYROLL COSTS:

Payroll costs are our largest single class of appropriation. These costs include the salaries or wages paid to our employees and the withheld amounts that we must pay into the government on behalf of the employees for federal income taxes, the Medicare portion of FICA, and voluntary deductions for health and benefit plans. Our payroll costs also consist of our matching share of employee's Medicare portion of FICA, Teachers Retirement System contributions, workers' compensation, and unemployment compensation.

PROFESSIONAL & CONTRACTED SERVICES:

This classification is used to record expenses for services rendered to ACA by firms, individuals, and other organizations that are not included in our payroll. Major professional services routinely contracted for by ACA include legal services and audit services. This year we are also incurring significant professional services related to the purchase and renovation of our new campus. These include architectural and engineering services, project management services, and construction services. The services related to the new campus are being incurred in advance of the planned sale of bonds to support the purchase and renovation project. These expenses will be reimbursed when the bonds are sold.

Another significant contracted service is support by Education Service Center Region XI. We obtain educational support, which includes training and streaming video that can be used by teachers in our classrooms; technical support in all aspects of the management of our school; as well as full charge bookkeeping to include human resources position management, payroll, accounts payable, purchasing, general ledger, and fixed asset accounting. We also receive complete student accounting through the service center as well.

ACA also uses a variety of other contracted services. These include educational diagnosticians, contracted maintenance and repair, and miscellaneous contracted services. All of our utility expenses would also be included in this classification.

SUPPLIES AND MATERIALS:

This is where we record the expenses for things we purchase. Supplies and materials that we routinely buy include textbooks, reading materials, testing supplies, maintenance and janitorial supplies, and general supplies. Examples of general supplies would include consumable teaching and office items, workbooks, audio-visual materials, single user software site licenses under \$1,000, furniture with a unit cost less than \$1,000, technology with a unit cost less than \$1,000, and software with a unit cost less than \$1,000. Purchases of furniture, technology equipment, software, and other capital items having a unit cost of \$1,000 or more are capitalized as a fixed asset and depreciated over the IRS allowable life applicable to that asset.

OTHER OPERATING COSTS:

This category is almost exclusively used for employee travel. In order to maintain a high quality level of service in the classroom and in our support functions, we need to invest in our people. To maintain the best skills possible we budget so that all of our team can attend continuing professional development. When employees travel to training, they are reimbursed the cost of that travel and that is what is recorded as an Other Operating Cost.

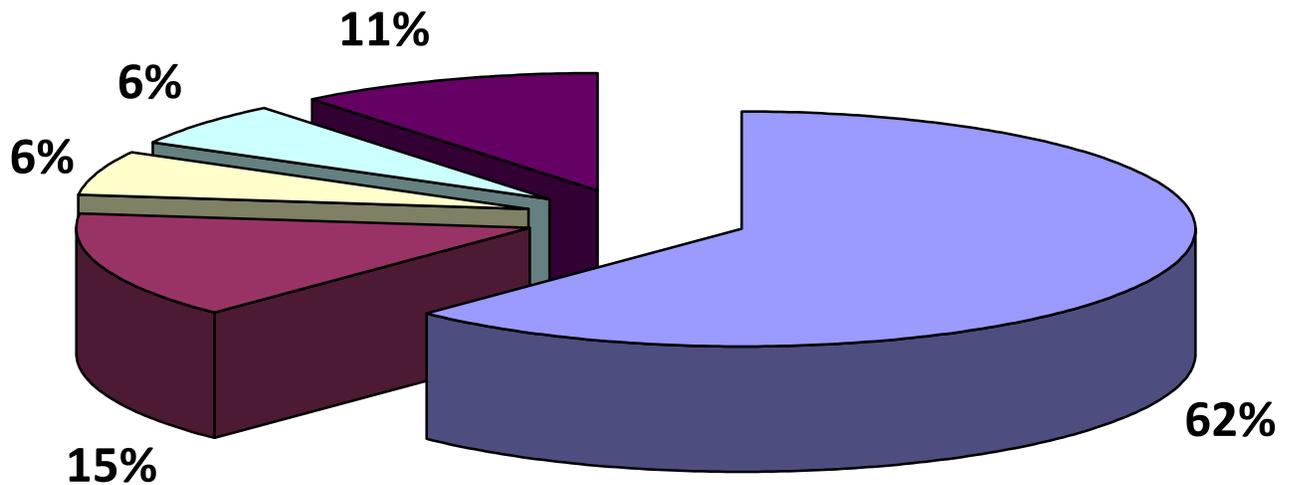
DEBT SERVICE:

This is the cost of long term debt to pay for our facilities. We have used debt to pay for our existing campus. We have approximately \$3.4 million in outstanding bonds which we have to pay interest on. We are also going to be selling bonds to pay for the new campus. We are very prudent in our use of debt. However, without that debt we would be in leased facilities that are not as appropriate for educating your children.

Budgeted Appropriations for the 2010-11 School Year:

<i>Description</i>	<i>Amount</i>
<i>Payroll Costs</i>	\$2,344,478
<i>Professional & Contracted Services</i>	551,791
<i>Supplies and Materials</i>	226,369
<i>Other Operating Costs</i>	232,310
<i>Debt Service</i>	405,500
<i>Total Appropriations</i>	\$ 3,760,448

Budgeted Appropriations for 2010-11



- Approximately 53.6% of all appropriations are budgeted directly into the classroom
- Approximately 8.8% of appropriations are budgeted into instructional support functions such as our Curriculum Coordinator, Campus Administration, and School Nurse. We also include the cost of administering the Iowa and TAKS tests in this category
- Approximately 11.0% of our appropriations are budgeted for the Business Office. This includes our central administrative, purchasing, accounting, and human resources functions.
- Approximately 14.4% of appropriations are budgeted for district operations. These costs include plant facilities and operations, security, and data processing costs. ACA's utility payments, which are our third largest cost driver, are recorded here. With the addition of a second campus site with multiple buildings, utility costs will continue to grow. Also included in this category are the cost of monitoring the security and fire alarms.
- Approximately 10.8% of our total costs are recorded in Debt service. Unlike a traditional school district, ACA does not have the authority to raise property taxes. We do not receive the Interest and Sinking fund portion of funding from the traditional school district when a student transfers into our school. Therefore, we fund debt service out of regular education funding and do not carry debt service as a separate budget.
- Fundraising and Community Services represents approximately 1.5% of our total appropriations. The funding here is for a new position entitled Community Relations/ Fund Raiser / Volunteer Coordinator. The purpose of this position will be to improve the visibility of ACA in the community and to raise funds from private and corporate donors to supplement our State and Federal funding.

Proposed Budget

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FUNDS INCLUDED IN THE 2010-11 BUDGET:

The following are the funds included in ACA's proposed 2010-11 Budget:

198	Homework & Health
224	Idea – Part B, Formula & Cap
255	Title II Part A, Improving Teacher Quality
266	Title XIV State Fiscal Stabilization Funds
283	Idea B – America Reinvestment and Recovery Act Funds
411	State Technology Allotment
420	General Revenues

Homework and Health is the enterprise fund used to account for the operations of our after school program. This fund includes the revenue received from parents paying to enroll their students in the program. It also includes the normal overhead costs of the program which are comprised primarily of payroll costs and some supplies and materials costs. This is a local campus enterprise fund, and was included for information only. Profits will be transferred to the General Fund at the end of the fiscal year.

IDEA – Part B, Formula & Cap is a grant from the United States Department of Education that we apply for under the Elementary and Secondary Education Act of 2001 (often referred to as the No Child Left Behind Act). This fund is used to partially pay for the payroll expenses of our campus level special education teacher. This year, we have also included approximately \$1,000 to acquire a notebook computer and projector to use when facilitating the Admission, Review, and Dismissal (ARD) process meetings to determine which students are, or may be, eligible for special education support services. This is a Federal grant and included for informational purposes only.

TITLE II, Part A, Improving Teacher Quality funds are a grant from the United States Department of Education that we apply for under the Elementary and Secondary Education Act of 2001. The purpose of this fund is to increase the academic achievement of all students by helping campuses and districts improve teacher and principle quality and ensure that all teachers are highly qualified. ACA uses these funds to provide professional development opportunities to our teaching staff as allowed under the act. This is a Federal grant and included for informational purposes only.

TITLE XIV State Fiscal Stabilization Funds are one-time funds authorized by the American Recovery and Reinvestment Act. All School Districts and Charter Schools throughout Texas were eligible to receive these funds under grants from the United States Department of Agriculture. This is the second year of the two year grant period for State Fiscal Stabilization Funds. Allowable uses of these funds were broad and included any activity that is authorized under the following Federal education acts:

- The Elementary and Secondary Education Act of 1965;
- The Individuals with Disabilities Education Act;
- The Adult Education and Family Literacy Act; or
- The Carl D. Perkins Career and Technical Education act of 2006.

Among other things, State Fiscal Stabilization Funds may be used for activities such as:

- Paying the salaries of administrators, teachers, and support staff;
- Purchasing textbooks, computers, and other equipment;
- Supporting programs designed to address the educational needs of children at risk of academic failure, limited English proficient students, children with disabilities, and gifted students; and
- Meeting the general expenses of ACA.

Our Board's philosophy has been that these are one-time funds and should not be used to fund recurring expenses. That would create a future liability that we would have to pay when these funds were no longer available. This year's State Fiscal Stabilization Funds are going to be used to provide upgraded student computers in each classroom and other one-time needs. This is a Federal grant and included for informational purposes only.

Idea B – America Reinvestment and Recovery Act Funds were additional IDEA Part B grant funds made available under the American Reinvestment and Recovery Act. These funds are provided to Local Education Agencies such as ACA to ensure that all children with disabilities have access to a free appropriate public education to meet each child's unique needs and prepare each child for further education, employment, and independent living. ACA has opted to use these funds in two ways. First we are using part of these funds to pay a portion of a Central Administration level Special Education Coordinator. This position was added in anticipation of needing additional support when we go to two campuses in the 2011-12 school year. The remainder of the funds, approximately \$16,700, was allocated to pay for diagnosticians and other testing services needed by our special education department. This is a Federal grant and included for information purposes only.

State Technology Allotment is an allotment of \$29.93 per our estimated refined ADA as of the last Friday in October of 2010. We account for these funds separately, because the State always holds them until May of the current school year. If there is a fund shortage at the State level, the Technology Allotment would not be paid. So, we set these in a separate fund balance and reclassify transactions into this fund after we have received the funds.

The General Fund includes the day-to-day operations of ACA, such as salaries, supplies, materials, and equipment. This fund includes all the normal costs for instruction, administration, plant maintenance, facilities, debt service, community services, and fundraising. The General Fund is the primary fund of ACA.

WHAT ARE THE MAJOR CHANGES IN THE 2010-11 BUDGET?

The 2010-11 School Year is a year of transition for ACA. In December of 2009, the Board of Directors voted to expand our services to an additional campus and to expand the grade levels we are offering up through 8th Grade. On June 30th, 2010 we closed on our new campus site at 5200 S Bowen Road, Arlington, Texas 76017. This property was previously a parochial school operated by St Albans Episcopal Church.

The Campus contains five buildings, four of which will be renovated by us as a new campus. These buildings are:

- The Main campus building, 30,580 sq ft
- A three Story Castle, 13,476 sq ft
- An Activities building, 3,786 sq ft
- A 1-1/2 Story House, 4,176 sq ft
- A small Activities building scheduled for demolition

ACA purchased this facility for \$3.3 million dollars and will be performing approximately \$3 million of additional renovations to modernize the campus. We plan to open the new campus site in August 2011.

As a result of this purchase, ACA has added some staff positions at the end of the 2009-10 school year. The positions added at the end of the 2009-10 school year were a Curriculum Coordinator and a Special Education Coordinator. Both of these positions are at the Central Office level and will serve both campuses. The Curriculum Coordinator is responsible for assisting the Director of Education with the vertical and horizontal alignment of our curriculum. The Special Ed Coordinator is responsible for administering all grants programs related to special education, overseeing campus level special education programs, and providing training to our staff. Both professionals will also carry responsibilities for planning in their respective areas at the new campus.

With the new campus comes an additional Director of Education. We have hired a new Director of Education, who will formally join us in January 2011. The Administrative Assistant to the Director of Education will also be hired in January 2011. These two individuals will help with the finalizing of curriculum planning, administrative plans, ordering, hiring, and other tasks related to opening their new campus.

The Business Office has also been authorized a Community Relations/Fundraiser/Volunteer Coordinator. This individual will assist us with raising private donations to ACA, developing and strengthening community relationships, and coordinating and overseeing the volunteer program at both campuses.

ACA has used short-term financing to close on our new campus. We will be selling approximately \$13 million in bonds in the fall to refinance this interim loan, refund the existing bonds on our current campus, and perform the needed renovations at the Bowen Road campus. These bonds will include approximately \$5.1 million in Qualified School Construction Bonds, which are a zero or low interest taxable bond that is available to us this year as a part of the American Recovery and Reinvestment Act.

With the addition of a new campus, many of our Professional and Contracted Services are going up. Some of these will be reimbursed by the bonds when they are sold and others will not. Reimbursable costs include:

- Architectural Services
- **Project Management Services**
- Pre-Construction Services
- Advertising and Legal Notices
- Postage Expense

Examples of non-reimbursable expenses that we will be incurring include utility connection fees, utility payments, insurance, and security monitoring fees.

The Board of Directors asked the Administration to perform a market analysis of all of our positions to determine if we were paying salaries and wages at par with other similar organizations. The population used for market comparisons included traditional Independent School Districts with an enrollment less than 600 students, charter school in the Dallas-Fort Worth area, and private schools in the Dallas-Fort Worth area. Salary or wage data for each of our authorized positions was compared to like positions in these organizations. We determined that for the most part, ACA's salaries and wages were comparable with our market segment. However, there were several positions that were identified as being paid below market. The Administration provided the Board with an analysis and adjustments were made to bring these positions closer to market. The total cost of this market adjustment was \$14,000. Additionally, the Board approved an across the board pay raise of 3 percent for all other positions. The cost of the 3% raise was \$91,994. The total cost of raises approved for the 2010-11 school year was \$105,904.

Public school funding, including open enrollment charter schools like ACA, are dependent upon property taxes. Property taxes can decrease in a given year if property values fall. Open enrollment charter school funding is affected by the state-wide property tax collection. If the property tax collection comes up less than what was forecast, monies are recaptured by the State to make up for the funding shortfall. The Texas Real Estate forecast predicts a 2.2% decline in the next year. Property valuations correlate to real estate sales, therefore we can expect to see a decline in property valuations as well. This could mean a shortfall in property tax collections budgeted by the State for the 2010-11 school year. We have budgeted a \$326,500 surplus to allow a cushion for this and other unforeseen expenditures.

WHAT WILL HAPPEN TO THE BUDGET IN FUTURE YEARS?

Enrollment growth is expected through the 2015-16 school year, at which time we will reach the planned capacity at the new location. Revenue growth is expected to outpace the growth of expenses during this period. After that, the direction will depend upon the appetite of the ACA Board of Directors and upon legislative changes to school funding.

ACA is an open enrollment public school and approximately 87% of our funding comes from the Texas Education Agency. This has a significant effect on our future funding stream in several respects.

All public schools, including charter schools, are on a funding system described as Target Revenue. Essentially, our revenue per student per year has been frozen at the 2005-06 levels. There have been some minor adjustments made in the 2009 legislative session. But, these adjustments have not kept pace with the inflation over the last five years. As a result many traditional public schools and charter schools are struggling with budgets.

The legislature is meeting this year and we have already been told that school funding will be a major issue of this session. However, we have just come out of the Great Recession and are currently in a weak economy. The State has already identified a shortfall of between \$10 and \$20 million dollars. Education makes up approximately 60% of the State budget. Therefore, even if the funding formulas were revised, we don't foresee additional funds available to fund K-12 education at the State level.

As stated earlier, we have just come out of The Great Recession and are currently in a weak economy. State and local government revenues generally recover one to two years after the general economy rebounds. Forecasts are for a slow recovery at best. Therefore, we don't see revenue per student growth likely until the 2013-14 school year.

Interest rates will likely remain low for the foreseeable future. Economists are mixed on whether inflation or deflation is the more likely threat in the next few years. Deflation signals have become stronger in the past quarter.

Public school funding, including open enrollment charter schools like ACA, are dependent upon property taxes. Property taxes can decrease in a given year if property values fall. Property values in north Texas have seen a slight decline. Property valuations are forecast to decline by 2% over the next year. This will impact the total amount of State funding available for education. This reinforces our belief that we will not see revenue per student grow until at least 2013-14.

Debt service requirements will increase by approximately \$739,500 as we take out additional bonds and refund our current bond issuance. This will provide ACA the opportunity to move forward with the expansion to two campuses. The expansion will significantly increase the number of students we can serve in the elementary grades and extend our program into middle school. We are projecting that we will be able to serve at least 1300 students when our new facilities are complete. ACA can currently serve approximately 510 students on our current campus.

IN CONCLUSION..

We believe the 2010-11 proposed budget will allow ACA to move forward with its delivery of exemplary instructional programs the community desires and expects for its children. Administration will manage these resources prudently as we maintain the quality instructional programs the community demands and an educational environment in which *all* children can succeed.

PROPOSED BUDGET FOR HOMEWORK & HEALTH:

	2008-2009 Closing Amount	2009-2010 Actual as of June 30, 2010	2010-2011 Recommended Budget
Revenue from Parents	\$ 91,963.35	\$ 112,971.35	\$ 113,000.00
Expenses			
Function 36 – Co-curricular Activities	\$ 52,159.33	\$ 68,815.52	\$ 70,216.13
Budgeted Surplus (Deficit)	\$ 39,804.02	\$ 44,155.83	\$ 42,783.77
Transfer to General Fund	\$ 35,000	\$ 40,000	\$ 42,000

PROPOSED BUDGET FOR GENERAL FUND:

	2009-2010 Budgeted	2010-2011 Recommended Budget	Change from Last Year	Percent Change
<i>Revenues</i>				
Local and Intermediate Funds	107,703	291,300	183,597	170.47%
Federal Program Funds	207,284	299,487	92,203	44.48%
State Program Revenues	3,358,412	3,454,159	95,747	2.85%
Due In from Hmwk & Health	-	42,000	42,000	N/A
Total Revenues	3,673,399	4,086,946	413,547	11.26%
<i>Appropriations</i>				
Insruction	2,032,777	2,013,991	(18,786)	-0.92%
Instructional Support	263,783	329,565	65,782	24.94%
Central Administration	330,112	411,933	81,821	24.79%
District Operations	452,079	543,337	91,258	20.19%
Debt Service	343,500	405,500	62,000	18.05%
Fundraising & Community Service	56,200	56,124	(76)	-0.14%
Total Appropriations	3,478,451	3,760,448	281,997	8.11%
Budgeted Surplus (Shortfall)	194,948	326,498	131,550	67.48%

PROPOSED REVENUE AND APPROPRIATIONS FOR THE GENERAL FUND BY FUNCTIONS

	2010-2011 Recommended Budget	Proposed Revenue/ Expenditure Per Student
<i>Revenues</i>	4,086,946	8,341
<i>Expenses</i>		
11 Instruction	1,972,395	4,025
12 Instructional	29,095	59
13 Curriculum & Staff Development	12,500	26
21 Instructional Leadership	56,294	115
23 School Leadership	210,726	430
31 Guidance and Counseling	13,000	27
33 Health Services	42,561	87
35 Food Services	6,985	14
41 General Administration	411,933	841
51 Facilities & Maintenance Ops	487,906	996
52 Security	2,500	5
53 Data Processing Services	52,931	108
61 Community Services	27,062	55
71 Debt Service	405,500	828
81 Fundraising	29,062	59
Total Expenditures	3,760,448	7,674
Budgeted Surplus (Deficit)	326,498	249

PROPOSED APPROPRIATIONS BY FUNCTION AND OBJECT:

		2010-11 Budgeted Amount	Percent of Total Appropriations
<i>11-Instruction</i>			
6100	Payroll Expenses	1,740,816	46.29%
6200	Professional & Contracted Services	36,781	0.98%
6300	Supplies & Materials	169,589	4.51%
6400	Other Operating Expenses	25,210	0.67%
<i>Subtotal for Instruction</i>		<i>1,972,395</i>	<i>52.45%</i>
<i>12- Instructional Resources/Media</i>			
6100	Payroll Expenses	25,165	0.67%
6200	Professional & Contracted Services	-	0.00%
6300	Supplies & Materials	2,430	0.06%
6400	Other Operating Expenses	1,500	0.04%
<i>Subtotal for Instructional Resources/Media</i>		<i>29,095</i>	<i>0.77%</i>
<i>13-Curriculum & Staff Development</i>			
6100	Payroll Expenses	-	0.00%
6200	Professional & Contracted Services	10,000	0.27%
6300	Supplies & Materials	-	0.00%
6400	Other Operating Expenses	2,500	0.07%
<i>Subtotal for Instructional Resources/Media</i>		<i>12,500</i>	<i>0.33%</i>

21-Instructional Leadership			0.00%
6100	Payroll Expenses	56,294	1.50%
6200	Professional & Contracted Services	-	0.00%
6300	Supplies & Materials	-	0.00%
6400	Other Operating Expenses	-	0.00%

Subtotal for Instructional Leadership **56,294** **1.50%**

23-School Leadership

6100	Payroll Expenses	197,726	5.26%
6200	Professional & Contracted Services	2,000	0.05%
6300	Supplies & Materials	6,500	0.17%
6400	Other Operating Expenses	4,500	0.12%

Subtotal for School Leadership **210,726** **5.60%**

31-Guidance and Counseling Services

6100	Payroll Expenses	-	0.00%
6200	Professional & Contracted Services	6,000	0.16%
6300	Supplies & Materials	7,000	0.19%
6400	Other Operating Expenses	-	0.00%

Subtotal for Guidance and Counseling Services **13,000** **0.35%**

33-Health Services

6100	Payroll Expenses	39,561	1.05%
6200	Professional & Contracted Services	1,200	0.03%
6300	Supplies & Materials	1,800	0.05%
6400	Other Operating Expenses	-	0.00%
Subtotal for Health Services		42,561	1.13%

35-Food Service

6100	Payroll Expenses	6,985	0.19%
6200	Professional & Contracted Services	-	0.00%
6300	Supplies & Materials	-	0.00%
6400	Other Operating Expenses	-	0.00%
Subtotal for General Administration		6,985	0.19%

41-General Administration

6100	Payroll Expenses	148,683	3.95%
6200	Professional & Contracted Services	221,100	5.88%
6300	Supplies & Materials	10,550	0.28%
6400	Other Operating Expenses	31,600	0.84%
Subtotal for General Administration		411,933	10.95%

51-Facilities Maintenance and Operations

6100	Payroll Expenses	68,906	1.83%
6200	Professional & Contracted Services	238,500	6.34%
6300	Supplies & Materials	15,500	0.41%
6400	Other Operating Expenses	165,000	4.39%
Subtotal for Facilities Maintenance and Operations		487,906	12.97%

52-Security & Monitoring Services

6100	Payroll Expenses		
6200	Professional & Contracted Services	2,500	0.07%
6300	Supplies & Materials	-	0.00%
6400	Other Operating Expenses	-	0.00%
Subtotal for Facilities Security & Monitoring Services		2,500	0.07%

53-Data Processing Services

6100	Payroll Expenses	9,221	0.25%
6200	Professional & Contracted Services	33,710	0.90%
6300	Supplies & Materials	10,000	0.27%
6400	Other Operating Expenses	-	0.00%
Subtotal for Facilities Data Processing Services		52,931	1.41%

61 - Community Services

6100	Payroll Expenses	26,062	0.69%
6200	Professional & Contracted Services	-	0.00%
6300	Supplies & Materials	500	0.01%
6400	Other Operating Expenses	500	0.01%
Subtotal for Community Services		27,062	0.72%

71-Debt Service

6100	Payroll Expenses		0.00%
6200	Professional & Contracted Services		0.00%
6300	Supplies & Materials		0.00%
6400	Other Operating Expenses		0.00%
6500	Debt Service	405,500	10.78%
Subtotal for Debt Service		405,500	10.78%

81-Fundraising

6100	Payroll Expenses	26,062	0.69%
6200	Professional & Contracted Services	-	0.00%
6300	Supplies & Materials	2,500	0.07%
6400	Other Operating Expenses	500	0.01%
Subtotal for Fundraising		29,062	0.77%
Total Appropriations		3,760,448	100%