



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



JENNIFER M. GRANHOLM
GOVERNOR

THOMAS D. WATKINS, JR
SUPERINTENDENT OF
PUBLIC INSTRUCTION

MEMORANDUM

TO: State Board of Education

FROM: Jeremy M. Hughes, Chairman 

DATE: March 3, 2004

SUBJECT: Report on Financial Status of Michigan Deficit School Districts for 2003-2004 (Report to Legislature Under Section 102 of the State School Aid Act)

An analysis of 2003-2004 (fiscal year 2004) fiscal data has been completed, identifying school districts that ended the year in a deficit position. The analysis is conducted using data collected on the annual comprehensive financial report ("FID"), which is filed by the districts and from financial audit reports prepared by Certified Public Accountants. Both reports are due to the Department in November following the end of the fiscal year and analysis of the data is usually completed by early February. The superintendents of those districts determined to be in a deficit situation are contacted, and meetings between Department staff and school administrators and/or local school board members are arranged, when necessary, to review their deficit elimination plans in detail.

For the school fiscal year that ended June 30, 2004, there were 17 districts (Eleven traditional school districts and six public school academies) with operating deficits compared to a total of 11 as of June 30, 2003. By comparison, there were 28 deficit districts in 1993-94 and 20 in 1997-98.

Of the 11 districts that ended FY2003 in deficit, two successfully eliminated the deficit by the end of FY2004. These districts are identified on Attachment B. One PSA, Walter French Academy, ceased to operate in 2003-2004. The remaining eight districts plus nine additional districts comprise the 17 districts that ended fiscal year 2004 in deficit. Attachment A lists the 17 districts and the basic financial details of their fiscal situation and indicates their general status with regard to changes in their financial situation between June 30, 2003, and June 30, 2004.

In summary:

two districts that both began and ended FY2004 in deficit were successful in reducing the deficit to the level indicated in their plan (Category "A" on Attachment A);

two districts that both began and ended FY2004 in deficit reduced the deficit but not to the extent contained in their plan (Category "B");

four districts began FY2004 in deficit and ended the year with a greater deficit (Category "C"); and

nine districts began FY2004 with a positive fund balance but incurred a deficit during the year (Category "D").

STATE BOARD OF EDUCATION

KATHLEEN N. STRAUS – PRESIDENT • JOHN C. AUSTIN – VICE PRESIDENT
CAROLYN L. CURTIN – SECRETARY • MARIANNE YARED MCGUIRE – TREASURER
NANCY DANHOF – NASBE DELEGATE • ELIZABETH W. BAUER
REGINALD M. TURNER • EILEEN LAPPIN WEISER

608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909
www.michigan.gov/mde • (517) 373-3324

**Michigan Public Schools with Deficits
For Fiscal Year Ending June 30, 2004
and Projections for Fiscal Year 2005**

Attachment A

ISD/School Name	Category	General Fund Revenues	Deficit 06/30/04	% Deficit is of Revenues	Projected GF Revenues 2005	Projected Surplus/Deficit 2005	% Fund Balance is of Revenues
Genesee							
Beecher Community School	C	\$23,239,801	\$1,036,892	4.46%	\$22,886,844	-\$170,752	-1%
Gogebic-Ontonagon							
Bessemer Area School District	D	\$4,134,961	\$190,748	4.61%	\$4,442,525	-\$90,544	-2%
Ironwood Area Schools	A	\$9,439,026	\$375,510	3.98%	\$9,115,695	-\$271,023	-3%
Ewen-Trout Creek Consolidated School District	D	\$3,449,360	\$16,216	0.47%	\$3,299,487	\$1,488	0%
White Pine Public Schools	B	\$868,228	\$396,723	45.69%	\$862,977	-\$393,919	-46%
Hillsdale							
Hillsdale Community Schools	D	\$14,107,779	\$91,111	0.65%	\$14,569,698	\$10,601	0%
Copper Country							
Dollar Bay-Tamarack City Area Sch.		\$2,065,362	\$147,596	7.15%	\$2,133,250	-\$241,984	-11%
Ionia							
Grattan Public School Academy	D	\$1,188,643	\$121,691	10.24%	\$1,634,890	\$1,339	0%
Macomb							
Arts Academy in the Woods	A	\$1,914,391	\$57,651	3.01%	\$2,179,299	\$41,662	2%
Muskegon							
Three Oaks Public School Academy	D	\$1,059,280	\$114,800	10.84%	\$1,164,025	-\$34,295	-3%
Oakland							
Madison Public Schools	C	\$17,049,580	\$2,291,326	13.44%	\$16,758,628	\$2,851,416	17%
Academy Of Waterford	D	\$902,011	\$551,395	61.13%	\$1,540,700	-\$983,958	-64%
Wayne							
Detroit City School District	D	1,511,803,612	\$48,687,349	3.22%	\$1,659,035,986	\$40,539,154	2%
Redford Union	C	\$34,361,713	\$2,178,301	6.34%	\$37,738,833	-\$1,429,868	-4%
Ecorse Public School District	D	\$12,443,730	\$135,185	1.09%	\$11,730,179	-\$380,296	-3%
YMCA Service Learning Academy	B	\$8,803,215	\$256,262	2.91%	\$8,965,284	\$227,451	3%
Blanche Kelso Bruce Academy	D	\$5,411,641	\$191,615	3.54%	\$5,629,406	\$2,901	0%

**Michigan Public Schools
with Deficits at June 30, 2003
and Positive Fund Balances at June 30, 2004**

Attachment B

<u>School District/Academy</u>	<u>Fund Balance as of 6/30/2003</u>	<u>Fund Balance as of 6/30/2004</u>
New Haven Community Schools	-\$295,127	\$268,540
Nataki Talibah Schoolhouse	-\$24,546	\$141,076