

REMINDER TO DISTRICTS THAT PLEDGED THEIR AUGUST PAYMENT

Approximately 170 school districts participated in the Michigan Municipal Bond Authority's (MMBA) State Aid Note (SAN) Programs 2010D-2 or 2010D-3, and pledged their August 2011 school aid payment to the Bank of New York Mellon. If your district participated in one of these programs, please be reminded that all or part of your August payment will not be deposited in your bank account. Rather, the note set-aside portion will be deposited with the bank. If you have questions contact Ann Marie Mullett, Michigan Finance Authority (517) 373-1557 or MullettA@Michigan.gov.

AUGUST PAYMENT INFORMATION

The August state school aid payment is the 11th and final payment of the year and reflects a cumulative 100% of the year's allocations for Sections 22a, 51c, and 22b as well as for the categorical funding. As is Department policy, any prior year adjustments since July have also been processed at 100% in the August payment.

Taxable Value – The August payment was calculated using the most recent taxable value data reported to the Department by county treasurers prior to August 1, 2011. The URL is <http://mdoe.state.mi.us/TaxableValue>.

Pupil Membership – The audited February 2010 and September 2010 pupil counts submitted via the MSDS have been used in the calculation of the August payment. For PSAs in their first or second year of operation, the February 2011 count data submitted via the MSDS are averaged with the audited September 2010 count.

Updated Categoricals – The following categorical were updated in the August payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Great Start School Readiness – Section 32d (Pat Sargent, Early Childhood and Family Services, (517) 241-4741, SargentP@Michigan.gov)
- Great Start ISD – Section 32j (Colleen O'Connor, Early Childhood and Family Services, (517) 241-4291, OconnorC1@Michigan.gov)
- Adult Education – Section 107 (Sandy Thelen, Department of Energy, Labor and Economic Growth, Adult Education, (517) 373-3395, ThelenS@Michigan.gov)
- Renaissance Zones – Section 26a (Howard Heideman, Treasury, Revenue and Tax Analysis, (517) 373-9002, HeidemanH@Michigan.gov)

FINANCIAL INFORMATION DATABASE (FID) REMINDER

All public schools that received state school aid during 2010-2011 are required to electronically submit financial data to the Financial Information Database (FID) by November 15, 2011. Failure to submit the FID data by that date is cause for the withholding of future state school aid payments (MCL 388.1618(9)). Questions related to the financial data required in this submission may be directed to Glenda Rader at (517) 335-0524 or e-mail RaderG@Michigan.gov. **The FID application will open for district submissions on September 6, the Tuesday after Labor Day.** At least one staff member must be designated by each district and public school academy to submit data via the FID application. To become authorized, this individual must download and complete a security agreement. To locate the agreement, go to www.Michigan.gov/CEPI, click on "MEIS Data Services" from the left-side navigation bar, and then on "Financial Information Database." In the lower left-hand corner of the screen, click on the "FID Security Agreements" link located in the "Upload FID Data to CEPI" box. Questions related to accessing the system or submission of data to the FID may be directed to the CEPI Customer support by e-mail at CEPI@michigan.gov or telephone (517) 335-0505.

2010-2011 STATE SCHOOL AID REVENUE RECOGNITION

State school aid revenue reported on the 2010-2011 financial data submission should be consistent with amounts shown on the district's August 2011 State Aid Financial Status Report. Minor differences may occur as the result of accounts payable and receivable issues. Care should be taken to record the revenues in the appropriate fund, major class codes, and suffix as indicated in the *Michigan Public School Accounting Manual*. Account numbers for the 2010-2011 state school aid revenue may be found on our website at: http://www.Michigan.gov/mde/0,1607,7-140-6530_6605-21356--_00.html. Deferred Revenue – any restricted state grant funds (i.e., At Risk, Adult Education, Math/Science) remaining unspent at year end should be recorded in the financial statements as deferred revenue (balance sheet major class code 471) rather than as a reserve of fund balance. This does not apply to funds that are awarded without restriction as to use. Questions related to revenue recognition should be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at RaderG@Michigan.gov.

BEST PRACTICES RESOLUTION

As reported in prior UPDATES, the school aid amendments for FY 2012 include a new Section 22f that allocates \$154 million to be paid out at the rate of \$100 per pupil to districts that meet at least 4 of 5 "best practices" by June 1, 2012. The best practices named are: pay no more than 90% of each employee's health benefits, be the policy holder of all employee health benefit packages, develop or continue service consolidation plans as described in Section 11d of the School Aid Act as in effect for FY 2011, obtain a competitive bid for a non-instructional service valued at more than \$50,000 and provide a dashboard of specific education data to parents and community members. The Department's Financial Best Practices Incentive Guidance indicating the requirements that districts

must meet to qualify for the Section 22f funds is available on the Department's website at http://www.michigan.gov/mde/0,1607,7-14-6530_6605-258500--,00.html. Funds will be distributed to school districts pursuant to the school aid payment schedule beginning with the payment following receipt of the board resolution required by the guidance. Questions related to the best practices incentive should be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at RaderG@Michigan.gov.

WITHHOLDING OF SECTION 31A AT-RISK FUNDS

Pursuant to State School Aid Act Section 31a(9), local districts and public school academies that did not submit the 2010-2011 Section 31a Program Report by July 15 will have the August portion of the annual At-Risk allocation withheld until the Department receives the report. If the report is not received by September 30, the withheld funds will be forfeited. Please note that if the Office of State Aid and School Finance received notification from the Office of Field Services that a report was received prior to the calculation of the August payment, the funds were not withheld. Questions may be directed to Michelle Patton, Office of Field Services, (517) 373-6066, or PattonM@Michigan.gov or Judy Thelen, Office of Field Services, (517) 335-1266 or e-mail ThelenJ8@Michigan.gov. The 2010-2011 Section 31a Program Report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.state.mi.us/megs/>.

DEFICIT DISTRICT INFORMATION

Deficit Elimination Plans for districts or academies incurring a negative general fund balance as of June 30, 2011 or whose Board has adopted a 2011-2012 deficit budget were due to the MDE by August 1, 2011. Districts having incurred a negative general fund balance as of June 30, 2011 should contact the Office of State Aid and School Finance as soon as possible to begin planning their Deficit Elimination Plan (DEP) submissions, if they have not already done so. Current Deficit Elimination Plan forms are available on the Department's website at: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--,00.html. Questions related to a DEP should be directed to Jeff Kolb, Office of State Aid and School Finance, at (517) 373-1908 or by e-mail at KolbJ2@Michigan.gov.

STATE SCHOOL AID FINANCIAL STATUS REPORTS

As reported in the July UPDATE, the Department is processing school aid payments from a more secure database using new software. The conversion is mostly transparent to districts with the exception of a few changes to the State School Aid Financial Status Reports. Where possible some districts will note that their August status report information is condensed to one page. Also, there is more detail related to the amount of the payment that has been applied to any loan where school aid has been pledged.

IMPORTANT DATES TO REMEMBER

- **November 2, 2011** is the date of the annual **MDE/MSBO Fall Workshop**. This year's conference will be at the Michigan State University's Kellogg Center in East Lansing, Michigan.
- Pursuant to Section 380.1284b of the Revised School Code, unless it conflicts with a calendar agreed to as part of a current collective bargaining agreement that was in effect as of September 29, 2005, **school is not to be in session prior to Labor Day** (September 5, 2011).
- **Wednesday, October 5, 2011** is the **pupil membership count day** for 2011-2012 and the second adult education participant count day of the year. (Karla Miller, (517) 373-3352, Miller_k47@Michigan.gov).
- The **SE-4096 Special Education Cost Report** for the 2010-2011 school fiscal year is due on **September 30**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The **SE-4094 Special Education Transportation Expenditure Report** for the 2010-2011 school fiscal year is due on **October 7**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The October 20, 2011 state school aid payment is the first payment of the 2011-2012 fiscal year. There is no September school aid payment.
- Districts are required to report by **November 1** to the local health department the immunization status of all students entering kindergarten or a new school in grades 1-12. Also, districts are required to report by **November 1** to the local health department the **immunization status** of all pupils who enrolled in grade 6 in the district or ISD for the first time between January 1 and September 30, 2011. (Patty Lawless (517) 373-1122, LawlessP@Michigan.gov)
- **November 1** is the deadline for local districts (including PSAs) to file their **2010-2011 financial audit report** with the ISDs. Both the **financial and pupil accounting audit reports** are due electronically to the Department on **November 15**. **Failure to file these reports will result in the withholding of state aid.** (Kathy Weller, (517) 335-6858, WellerK@Michigan.gov)
- The **2010-2011 FID – Annual Comprehensive Financial Report** is due from local and intermediate districts to CEPI by **November 15** (see related item above). **Failure to file this report will result in the withholding of state aid.** (Glenda Rader, (517) 335-0524, RaderG@Michigan.gov)
- The **DS-4168, Days and Clock Hours Report** for 2010-11 was due **August 1, 2011**.
- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$358.620107415. Section 29- Declining Enrollment proration is .0791730620. Section 56 – ISD Special Ed Millage Equalization proration is .8906795561.

Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or Dan Hanrahan, Director, State Aid and School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.
