

**Procedures for approval of a
Deficit Elimination Plan (DS4511-C)
Office of State Aid & School Finance**



- 1) Financial data for initial year must match audit.
- 2) Financial data must be mathematically correct.
- 3) Financial data must project forward to a non-negative fund balance within two fiscal years from when deficit is incurred.
- 4) If non-negative fund balance cannot be achieved within the two year period the district must request an extension in writing, providing reasons why the two year period is insufficient.
- 5) State revenue line item must closely approximate that shown on most recent State Aid Status Report, or justification for variance must be provided.
- 6) Federal revenue line item must closely approximate that shown by the MEGS system, or justification for variance must be provided.
- 7) Membership projections must appear reasonable, or justification for variance must be provided.
- 8) SEV projections must appear reasonable, or justification for variance must be provided.
- 9) Staff reductions must be in line with stated savings, and must appear reasonable, or justification for variance must be provided.
- 10) Unemployment benefit costs are compared to staff reductions, and must appear reasonable, or justification for variance must be provided.
- 11) All page three questions must be answered completely.
- 12) Savings from negotiations (questions 6 & 7) must be shown in financial data section.
- 13) A board approved budget for the current fiscal year with proof of board approval must be submitted. This budget must match the financial data section of the DEP to the major class/function level.
- 14) Proof of board approval of the DEP must be provided.
- 15) All variances of 10% or more from financial data section must be explained in a reasonable fashion.
- 16) Monthly budgetary control reports (DS4848) must be submitted by their due date. These must be submitted from approval through the end of the school year.
- 17) Failure to submit all elements of the DEP by December 15, 2008 will result in 100% withholding of State Aid payments.
- 18) Questions may arise from the complete submission received by the MDE on or before December 15, 2008. Failure to provide acceptable answers to these questions to the MDE by February 1, 2009 will result in 100% withholding of State Aid payments.
- 19) The DEP form submitted must be the current form posted on the MDE website. Out of date forms will not be considered for approval.

**Procedures for approval of a
Monthly Budgetary Control Report (DS4848)
Office of State Aid & School Finance**



The Monthly Budgetary Control Report (DS4848), can be a valuable tool for monitoring the financial health of a school district if the form is completed using actual to-date and realistic projections of revenues and expenditures over the balance of the year. It is expected that the board of a deficit district would regularly review this form in order to determine the need for mid-year budget amendments. The procedures for analysis of this form are intended to encourage the board to monitor budget vs. actual revenues and expenditures in a timely fashion.

- 1) Budget column must match approved DEP.
- 2) Brief explanation must be provided for all line items changing by 10% or more.
- 3) Variance column must appear to show actual variance. Reports that show little or no variance and are more than a month later than DEP adoption are likely to be questioned.
- 4) If ending fund balance variance is greater than 10% the district must adopt a revised budget and DEP. The Michigan Department of Education reserves the right to waive this requirement or to request a revised budget and DEP as deemed necessary.
- 5) Submission must be accompanied by the most recently approved monthly board meeting minutes. Minutes must show discussion of budgeted vs. actual revenues and expenditures.
- 6) Failure to have reports approved can result in withholding of state aid.
- 7) The Monthly Budgetary Control Report form submitted must be the current form posted on the MDE website. Out of date forms will not be considered for approval.