



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

MICHAEL P. FLANAGAN  
STATE SUPERINTENDENT

December 19, 2014

**MEMORANDUM**

**TO:** House and Senate K-12 Appropriations Subcommittees  
**FROM:** Mike Flanagan, State Superintendent  
**SUBJECT:** Quarterly Report to the Legislature on Deficit Districts

**OVERVIEW**

Pursuant to language in Section 102 of the State School Aid Act (MCL 388.1702), the Michigan Department of Education (MDE) is required to report quarterly to the Legislature on school districts incurring year-end deficits and the districts' progress in reducing those deficits. In this first quarterly report for FY 2014-2015, an analysis of the FY 2013-2014 financial data has been completed for those school districts that ended the year with a deficit. The analysis is conducted using data collected from the districts' audited financial statements and/or the Financial Information Database (FID). It should be noted that since 1976, MDE has provided the Legislature with an annual report on local school districts in financial deficit.

**Note: This report was prepared with data as of December 11, 2014.**

Section 102(2) of the State School Aid Act (PA 94 of 1979, as amended) states:

*"(2) Not later than March 1 of each year, the department shall prepare a report of deficits incurred or projected by districts and intermediate districts in the immediately preceding fiscal year and the progress made in reducing those deficits and submit the report to the standing committees of the legislature responsible for K-12 education legislation, the appropriations subcommittees of the legislature responsible for K-12 education appropriations, the house and senate fiscal agencies, the state treasurer, and the state budget director. The department also shall submit quarterly interim reports*

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*concerning the progress made by districts and intermediate districts in reducing those deficits. On a quarterly basis, the superintendent of public instruction shall publicly present those reports to the appropriations subcommittees of the legislature responsible for K-12 education appropriations."*

The following narrative provides relevant information regarding process, requirements, and selected district information; the attached analysis provides deficit district specific information.

### **MICHIGAN DEPARTMENT OF EDUCATION (MDE) PROCESS**

Under Governor Snyder's Good Government initiative, MDE has included a financial metric on our Scorecard related to Deficit Elimination Plans (DEPs) as follows: "Percent of DEPs reviewed within 30 days of receipt from districts." MDE is continuing to achieve 100% on this metric.

In addition, the law requires that deficit districts submit a Deficit Elimination Plan (DEP) to MDE. MDE has a formal process in place to ensure that school districts develop and implement DEPs to eliminate their general fund deficits. Long-standing MDE procedures ensure that districts are treated fairly throughout the deficit elimination process. MDE's website ([http://www.michigan.gov/mde/0,4615,7-140-6530\\_6605-106599--,00.html](http://www.michigan.gov/mde/0,4615,7-140-6530_6605-106599--,00.html)) includes definitions, contact information, a flow chart to ensure accurate completion of required forms, and district requirements related to districts in deficit. MDE provides considerable technical assistance to districts during the DEP development and submission process. When necessary, the process may include requiring district representatives (i.e. administrators, local board of education members and union representatives) to attend a meeting(s) in Lansing to discuss requirements in the law (see following section), status of the district's financial situation, possible modifications to the district's DEP, and answer questions. The desired outcome of such a meeting is for all of the district's key representatives to leave with a mutual understanding related to what is in the law and what is required of deficit districts. The MDE team stresses that because Michigan is a locally controlled state, district officials must make the difficult decisions that will eliminate the deficit. MDE also includes Department of Treasury (Treasury) staff in these meetings to discuss how processes within Treasury regarding the State Aid Note Borrowing Program and the Emergency Loan Program relate to and affect a district's deficit status. It is imperative that district representatives understand that borrowing through Treasury for cash flow purposes does not negate the need to reduce expenditures in order to eliminate the deficit. As we continue to work with these critical districts, it became apparent that the districts also need to have a conversation with Office of Retirement Systems if there is an issue with MPERS payments and with the Department of Licensing and Regulatory Affairs (LARA) should the district have reimbursement issues related to Unemployment Insurance. Both agencies are invited to these meetings as necessary.

Since my last report to you on September 11, 2014, MDE staff has met in Lansing with the following deficit district:

**Garden City Public Schools – 10/9/2014**

- During the preparation of their annual audit, it was discovered that the district would end 2013-14 in deficit. The district requested a meeting with the Department, where we discussed the roles and responsibilities of deficit districts. Their DEP submission is due by December 15, 2014.

Public school academies (charter schools) are treated the same as traditional districts when faced with a deficit situation. They receive technical assistance and must submit a DEP to MDE and have it approved.

**REQUIREMENTS IN LAW**

**DISTRICT REQUIREMENTS**

Michigan is a locally controlled state; Sec. 102(1) of the State School Aid Act [MCL 388.1702(1)] states:

*"A district or intermediate district receiving money under this act shall not adopt or operate under a deficit budget, and shall not incur an operating deficit in a fund during a school fiscal year. A district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district submits to the department for approval a budget for the current fiscal year and a plan to eliminate the deficit not later than the end of the second fiscal year after the deficit was incurred or the budget projecting a deficit was adopted. Withheld state aid payments shall be released after the department approves the deficit reduction plan and ensures that the budget for the current school fiscal year is balanced. After the department approves a district's or intermediate district's deficit reduction plan, the district or intermediate district shall post the deficit elimination plan on the district's or intermediate district's website."*

The Uniform Budgeting and Accounting Act places the burden for eliminating a district's deficit on the local board of education.

- MCL 141.436(7) – Except as otherwise permitted by Section 102 of the State School Aid Act, 1979 PA 94, MCL 388.1702, or by other law, the legislative body shall not adopt a general appropriations act or an amendment to that act which causes estimated total expenditures, including an accrued deficit, to exceed total estimated revenues, including an available surplus and the proceeds from bonds or other obligations issued under the Fiscal Stabilization Act, 1981 PA 80, MCL 141.1001 to 141.1011, or the balance of the principal of these bonds or other obligations.
- MCL 141.437(2) – If, during a fiscal year, it appears to the chief administrative officer or to the legislative body that the actual and probable revenues from

taxes and other sources in a fund are less than the estimated revenues, including an available surplus upon which appropriations from the fund were based and the proceeds from bonds or other obligations issued under the Fiscal Stabilization Act, 1981 PA 80, MCL 141.1001 to 141.1011, or the balance of the principal of these bonds or other obligations, the chief administrative officer or fiscal officer shall present to the legislative body recommendations which, if adopted, would prevent expenditures from exceeding available revenues for that current fiscal year. The recommendations shall include proposals for reducing appropriations from the fund for budgetary centers in a manner that would cause the total of appropriations to not be greater than the total of revised estimated revenues of the fund, or proposals for measures necessary to provide revenues sufficient to meet expenditures of the fund, or both. The recommendations shall recognize the requirements of state law and the provisions of collective bargaining agreements.

- MCL 141.438(3) – Except as otherwise provided in Section 19, an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body. The chief administrative officer, an administrative officer, or an employee of the local unit shall not apply or divert money of the local unit for purposes inconsistent with those specified in the appropriations of the legislative body.

### **MICHIGAN DEPARTMENT OF EDUCATION REQUIREMENTS**

Penalties in law that are to be imposed on deficit districts: (1) withholding state school aid [MCL 388.1702(1)] (see statutory language above); and (2) reporting a violation to the Attorney General who will review the report and determine whether or not to act [MCL 388.1761] (see statutory language below).

To date, as State Superintendent, I have periodically authorized state aid to be withheld from a limited number of deficit districts that have failed to submit timely, required information.

MCL 388.1761 – “A school official or member of a board or other person who neglects or refuses to do or perform an act required by this act or who violates or knowingly permits or consents to the violation of this act is guilty of a misdemeanor, punishable by imprisonment for not more than 90 days, or a fine of not more than \$1,500, or both.” There has been no instance where, as State Superintendent, I have asked the Attorney General’s involvement regarding deficit districts.

## **ADDITIONAL SELECTED DISTRICT INFORMATION**

### **DETROIT PUBLIC SCHOOLS**

The district submitted a revised DEP on August 15, 2014. The revised DEP recognizes the enhancement millage defeat and incorporates a 10% compensation concession. That DEP was approved on August 19, 2014, in part so that the district was eligible for a cash flow borrowing, although I subsequently expressed reservations with the 10% concessions and its potential impact on student achievement. We have now been notified that the district plans to amend the DEP and has been given a time extension to do so. MDE has formally requested the district submit a revised DEP by December 17, 2014. The district's audited financial statements reflect that the deficit has grown to \$169.4 million. We continue to have dialogue with the Emergency Manager and the Chief Financial Officer of the district.

### **BENTON HARBOR AREA SCHOOLS**

The district has adopted a resolution choosing the consent agreement option pursuant to Section 8 of 2012, PA436, the Local Financial Stability and Choice Act. On September 23, 2014, the district's school board approved the consent agreement developed by the Department of Treasury and the district superintendent under the statute. The district must submit an amended balanced budget for 2014-15 by December 31, 2014 developed by the newly appointed consent agreement consultant.

### **FLINT COMMUNITY SCHOOLS**

The deficit situation continues to deteriorate. According to the 2013-14 audit, the deficit now stands at \$21,964,181 which is more than double from last year. The district has lost 49% of its pupils over the last five years, ending 2013-14. A pending lawsuit remains, filed by the Genesee ISD for \$8.6 million alleging that the district misspent vocational education millage money. The district's DEP submission from November 26, 2014 does not show the deficit eliminated until 2020-21.

## **FINANCIAL INDEPENDENCE TEAM LEGISLATION**

A proposed joint effort between MDE, Treasury, and CEPI would develop an early warning system to identify troubled schools earlier. Fiscal Year 2014-15 funding has been provided to MDE and Treasury to establish a Financial Independence Team consisting of new staff from both Treasury and MDE. Under this collaborative proposal, MDE and Treasury would work proactively to help financially struggling districts that are not quite yet in deficit but appear headed in that direction. The MDE is awaiting the outcome of Senate Bills 949 through 957 that would give the two departments the authority needed for early intervention.

## **DEFICIT DISTRICT DATA**

Attachments A and B provide the financial analysis for FY 2013-14.

House and Senate K-12 Appropriations Subcommittees

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Additional questions about this report should be directed to Dan Hanrahan, Office of State Aid and School Finance, at [HanrahanD@michigan.gov](mailto:HanrahanD@michigan.gov) or (517) 373-3350.

Attachments

**DEFICIT DISTRICT QUARTERLY REPORT  
TO THE HOUSE AND SENATE K-12 APPROPRIATIONS SUBCOMMITTEES  
FINANCIAL ANALYSIS OF MICHIGAN DEFICIT SCHOOL DISTRICTS  
2013-2014**

An analysis of the fiscal year 2013-2014 (FY2014) financial data has been completed for those districts that ended the year with a deficit. The analysis is conducted using data collected from the districts' audited financial statements and/or the Financial Information Database (FID) which were both due November 15, 2014.

Attachment B lists the 57 districts and public school academies that ended FY2014 in a deficit position. Fifty-two (52) districts and public school academies ended FY2013 in a deficit position. One of those districts consolidated with another district effective July 1, 2013. Additionally, two of the districts that ended FY2013 with a deficit dissolved subsequent to June 30, 2013, and one academy was closed by its authorizer.

Of the 48 operating districts that ended FY2013 in deficit, twelve (12) successfully eliminated their deficit by June 30, 2014 (Attachment B, Category 1). Twenty-two (22) reduced their deficit in FY2014 (Attachment B, Category 2). Ten (10) increased their deficit in FY2014 (Attachment B, Category 3). Twenty-one (21) districts that began FY2014 with a positive fund balance ended the year with a deficit fund balance (Attachment B, Category 4). Two (2) districts that ended FY2013 in deficit were converted to public school academy systems. The predecessor local districts' deficits are being eliminated through the capture of school operating taxes (Attachment B, Category 5). Two (2) academies closed at the end of FY2014 (Attachment B, Category 6).

The result is 55 (48-12+21-2) operating deficit districts that are required to have Deficit Elimination Plans monitored by the MDE during 2014-15.

Attachment B also includes fund balance information for June 30, 2013 and June 30, 2012.

Since my last report, the categories have changed as follows:

1. The number of deficits that eliminated their deficit at the end of the year increased from 10 to 12;
2. The number of districts that decreased their deficit decreased from 26 to 22;
3. The number of districts that increased their deficit remained unchanged at 10;
4. The number of districts that began 2014 with a positive fund balance and ended the year with a deficit increased from 12 to 21;
5. No change from the last report;
6. Added Category 6 to include the two academies that closed at the end of FY2014.

| ISD/School Name   | June 2012<br>Fund Balance | June 2013<br>Fund Balance | June 2014<br>Fund Balance | 2014 GF<br>Revenues | % Deficit<br>is of<br>Revenues |
|---|---------------------------|---------------------------|---------------------------|---------------------|--------------------------------|
| <b>CATEGORY 1</b>   |                           |                           |                           |                     |                                |
| Districts that have eliminated their deficit at June 30, 2014                     |                           |                           |                           |                     |                                |
| <b>Alpena-Montmorency-Alcona ESD</b>  |                           |                           |                           |                     |                                |
| Atlanta Community Schools   | \$81,446                  | (\$31,842)                | \$86,063                  | \$2,864,065         | 3.00%                          |
| <b>Macomb ISD</b>   |                           |                           |                           |                     |                                |
| Michigan Math and Science Academy   | \$170,974                 | (\$76,117)                | \$18,005                  | \$3,785,455         | 0.48%                          |
| <b>Menominee ISD</b>  |                           |                           |                           |                     |                                |
| Menominee Area Public Schools   | (\$129,287)               | (\$53,664)                | \$415,018                 | \$12,698,241        | 3.27%                          |
| <b>Monroe County ISD</b>  |                           |                           |                           |                     |                                |
| Bedford Public Schools  | (\$626,901)               | (\$189,632)               | \$785,132                 | \$39,909,972        | 1.97%                          |
| <b>Muskegon Area ISD</b>  |                           |                           |                           |                     |                                |
| Muskegon Public Schools   | \$1,295,727               | (\$1,169,873)             | \$1,769,321               | \$52,894,872        | 3.34%                          |
| Muskegon Heights Public School Academy  | NA                        | (\$553,763)               | \$296,619                 | \$10,788,888        | 2.75%                          |
| <b>Oakland Schools</b>  |                           |                           |                           |                     |                                |
| Avondale School District  | (\$1,338,397)             | (\$239,564)               | \$746,919                 | \$36,945,398        | 2.02%                          |
| Oak Park School District  | (\$5,557,347)             | (\$1,617,163)             | \$2,394,237               | \$45,547,010        | 5.26%                          |
| <b>Washtenaw ISD</b>  |                           |                           |                           |                     |                                |
| Ypsilanti Community Schools   | (\$9,014,364)             | (\$7,511,013)             | \$8,709,743               | \$70,152,131        | 12.42%                         |
| <b>Wayne RESA</b>   |                           |                           |                           |                     |                                |
| Redford Union Schools   | (\$4,114,455)             | (\$1,962,334)             | \$523,187                 | \$28,614,058        | 1.83%                          |
| River Rouge School District   | (\$3,427,203)             | (\$1,107,736)             | \$649,155                 | \$17,915,780        | 3.62%                          |
| Romulus Community Schools   | \$2,393,436               | (\$2,323,910)             | \$32,751                  | \$34,465,395        | 0.10%                          |
| <b>CATEGORY 2</b>   |                           |                           |                           |                     |                                |
| Districts that began FY2014 in deficit and ended the year with a reduced deficit. |                           |                           |                           |                     |                                |
| <b>Berrien RESA</b>   |                           |                           |                           |                     |                                |
| Benton Harbor Area Schools  | (\$16,099,422)            | (\$15,517,748)            | (\$15,145,607)            | A, B \$31,708,162   | -47.77%                        |
| <b>Gratiot-Isabella RESD</b>  |                           |                           |                           |                     |                                |
| Ashley Community Schools  | (\$164,856)               | (\$225,307)               | (\$90,081)                | \$2,527,938         | -3.56%                         |
| <b>Copper Country ISD</b>   |                           |                           |                           |                     |                                |
| Hancock Public Schools  | (\$743,491)               | (\$514,291)               | (\$5,856)                 | \$7,014,315         | -0.08%                         |
| <b>Livingston ESA</b>   |                           |                           |                           |                     |                                |
| Brighton Area Schools   | (\$7,388,781)             | (\$8,500,481)             | (\$4,322,572)             | \$56,914,945        | -7.59%                         |
| <b>Macomb ISD</b>   |                           |                           |                           |                     |                                |
| East Detroit Public Schools   | (\$7,545,877)             | (\$5,002,724)             | (\$1,294,923)             | \$36,189,419        | -3.58%                         |
| Clintondale Community Schools   | (\$4,772,258)             | (\$3,405,650)             | (\$2,161,441)             | \$28,660,426        | -7.54%                         |
| Mt. Clemens Community Schools   | (\$4,790,635)             | (\$3,586,719)             | (\$2,442,338)             | \$16,218,115        | -15.06%                        |
| New Haven Community Schools   | (\$323,332)               | (\$236,549)               | (\$167,869)               | \$12,949,980        | -1.30%                         |
| <b>Newaygo County RESA</b>  |                           |                           |                           |                     |                                |
| White Cloud School District   | (\$693,720)               | (\$580,276)               | (\$113,644)               | \$10,332,561        | -1.10%                         |
| <b>Oakland Schools</b>  |                           |                           |                           |                     |                                |
| Pontiac School District   | (\$37,683,487)            | (\$51,677,552)            | (\$39,077,646)            | B \$77,239,617      | -50.59%                        |
| <b>Cheboygen-Otsego-Presque Isle ESD</b>  |                           |                           |                           |                     |                                |
| Vanderbilt Area School District   | (\$155,449)               | (\$221,573)               | (\$195,214)               | \$1,402,622         | -13.92%                        |

| ISD/School Name   | June 2012<br>Fund Balance | June 2013<br>Fund Balance | June 2014<br>Fund Balance | 2014 GF<br>Revenues | % Deficit<br>is of<br>Revenues |
|---|---------------------------|---------------------------|---------------------------|---------------------|--------------------------------|
| <b>CATEGORY 2, continued</b>  |                           |                           |                           |                     |                                |
| Districts that began FY2014 in deficit and ended the year with a reduced deficit.       |                           |                           |                           |                     |                                |
| <b>Saginaw ISD</b>  |                           |                           |                           |                     |                                |
| Saginaw City School District  | (\$5,100,750)             | (\$6,157,077)             | (\$4,163,177)             | \$74,472,510        | -5.59%                         |
| Bridgeport Spaulding Community School District  | (\$2,561,221)             | (\$3,221,274)             | (\$2,924,401)             | \$15,378,091        | -19.02%                        |
| <b>Shiawassee RESD</b>  |                           |                           |                           |                     |                                |
| Perry Public Schools  | (\$1,083,873)             | (\$1,689,022)             | (\$1,578,822)             | \$11,075,326        | -14.26%                        |
| <b>Wayne RESA</b>   |                           |                           |                           |                     |                                |
| Dearborn Heights School District #7   | (\$657,094)               | (\$1,769,214)             | (\$1,641,961)             | \$23,097,639        | -7.11%                         |
| Hamtramck Public Schools  | (\$3,776,824)             | (\$3,443,659)             | (\$1,079,978)             | \$31,008,314        | -3.48%                         |
| Taylor School District  | (\$5,941,851)             | (\$8,834,147)             | (\$3,871,072)             | \$79,497,042        | -4.87%                         |
| Westwood Community School District  | (\$6,240,031)             | (\$6,311,270)             | (\$4,977,195)             | \$25,136,746        | -19.80%                        |
| Ecorse Public School District   | (\$1,536,593)             | (\$1,809,903)             | (\$661,837)               | \$9,722,903         | -6.81%                         |
| Southgate Community Schools   | (\$3,249,656)             | (\$4,906,716)             | (\$3,982,984)             | \$42,747,795        | -9.32%                         |
| Madison-Carver Academy  | NA                        | (\$402,226)               | (\$261,020)               | \$2,795,436         | -9.34%                         |
| Highland Park Public School Academy   | NA                        | (\$620,248)               | (\$409,544)               | \$6,768,588         | -6.05%                         |
| <b>CATEGORY 3</b>   |                           |                           |                           |                     |                                |
| Districts that began FY2014 in deficit and ended the year with a greater deficit.       |                           |                           |                           |                     |                                |
| <b>Alpena-Montmorency-Alcona ESD</b>  |                           |                           |                           |                     |                                |
| Alpena Public Schools   | \$1,070,904               | (\$863,359)               | (\$1,574,627)             | \$34,135,651        | -4.61%                         |
| <b>Calhoun ISD</b>  |                           |                           |                           |                     |                                |
| Albion Public Schools   | \$514,594                 | (\$149,003)               | (\$714,425)               | \$8,859,736         | -8.06%                         |
| <b>Cheboygen-Otsego-Presque Isle ESD</b>  |                           |                           |                           |                     |                                |
| Mackinaw City Public Schools  | (\$23,914)                | (\$345,160)               | (\$515,500)               | \$2,261,716         | -22.79%                        |
| <b>Genesee ISD</b>  |                           |                           |                           |                     |                                |
| Flint Community Schools   | (\$11,497,002)            | (\$10,403,722)            | (\$21,964,181) C          | \$94,327,052        | -23.29%                        |
| Beecher Community School District   | \$680,450                 | (\$701,015)               | (\$988,531)               | \$14,967,101        | -6.60%                         |
| <b>Livingston ESA</b>   |                           |                           |                           |                     |                                |
| Pinckney Community Schools  | \$865,569                 | (\$1,847,424)             | (\$1,915,772)             | \$30,756,197        | -6.23%                         |
| <b>Oakland Schools</b>  |                           |                           |                           |                     |                                |
| School District of the City of Hazel Park   | (\$1,527,137)             | (\$3,919,402)             | (\$6,707,142)             | \$38,892,226        | -17.25%                        |
| <b>Van Buren ISD</b>  |                           |                           |                           |                     |                                |
| Bangor Public Schools   | \$154,974                 | (\$373,350)               | (\$452,425)               | \$12,326,953        | -3.67%                         |
| <b>Washtenaw ISD</b>  |                           |                           |                           |                     |                                |
| Lincoln Consolidated Schools  | \$745,440                 | (\$679,918)               | (\$1,372,785)             | \$44,123,513        | -3.11%                         |
| <b>Wayne RESA</b>   |                           |                           |                           |                     |                                |
| Detroit Public Schools  | (\$76,345,661)            | (\$93,881,926)            | (\$169,460,308)           | \$645,770,621       | -26.24%                        |
| <b>CATEGORY 4</b>   |                           |                           |                           |                     |                                |
| Districts that began FY2014 with a positive fund balance but ended the year in deficit. |                           |                           |                           |                     |                                |
| <b>Baty-Arenac ISD</b>  |                           |                           |                           |                     |                                |
| Essexville-Hampton Public Schools   | \$734,629                 | \$266,067                 | (\$63,027)                | \$14,660,698        | -0.43%                         |
| <b>Calhoun ISD</b>  |                           |                           |                           |                     |                                |
| Battle Creek Montessori Academy   | NA                        | NA                        | (\$251,219)               | \$1,122,363         | -22.38%                        |

| ISD/School Name  | June 2012<br>Fund Balance | June 2013<br>Fund Balance | Projected<br>June 2014<br>Fund Balance | Projected<br>2014 GF<br>Revenues | % Deficit<br>is of<br>Revenues |
|--|---------------------------|---------------------------|--|----------------------------------|--------------------------------|
| <b>CATEGORY 4, continued</b>   |                           |                           |  |                                  |                                |
| Districts that began FY2014 with a positive fund balance but ended the year in deficit.                                    |                           |                           |  |                                  |                                |
| <b>Cheboygen-Otsego-Presque Isle ESD</b>   |                           |                           |  |                                  |                                |
| Cheboygan Area Schools   | \$1,553,056               | \$976,845                 | (\$232,119)                            | \$17,080,028                     | -1.36%                         |
| Posen Consolidated School District No. 9   | \$31,837                  | \$30,609                  | (\$24,687)                             | \$2,149,766                      | -1.15%                         |
| <b>Dickinson-Iron ISD</b>  |                           |                           |  |                                  |                                |
| Iron Mountain Public Schools   | \$793,565                 | \$247,143                 | (\$224,664)                            | \$7,769,614                      | -2.89%                         |
| <b>Eaton RESA</b>  |                           |                           |  |                                  |                                |
| Life Tech Academy  | NA                        | NA                        | (\$58,751)                             | \$409,755                        | -14.34%                        |
| <b>Hillsdale ISD</b>   |                           |                           |  |                                  |                                |
| North Adams-Jerome Public Schools  | (\$114,796)               | \$30,421                  | (\$108,857)                            | \$2,949,639                      | -3.69%                         |
| Camden Frontier Schools  | \$202,543                 | \$184,226                 | (\$55,243)                             | \$4,639,966                      | -1.19%                         |
| <b>Traverse Bay Area ISD</b>   |                           |                           |  |                                  |                                |
| Grand Traverse Academy   | \$1,300,419               | \$960,009                 | (\$365,129)                            | \$9,293,169                      | -3.93%                         |
| Suttons Bay Public Schools   | \$415,871                 | \$131,076                 | (\$351,517)                            | \$7,998,830                      | -4.39%                         |
| <b>Macomb ISD</b>  |                           |                           |  |                                  |                                |
| South Lake Schools   | \$1,200,175               | \$689,515                 | (\$229,386)                            | \$20,865,602                     | -1.10%                         |
| Warren Consolidated Schools  | \$15,381,085              | \$6,224,809               | (\$2,167,334)                          | \$162,292,404                    | -1.34%                         |
| Macomb Montessori Academy  | NA                        | NA                        | (\$213,139)                            | \$1,234,081                      | -17.27%                        |
| <b>Muskegon Area ISD</b>   |                           |                           |  |                                  |                                |
| Muskegon Montessori Academy for Environmental Cha  | NA                        | NA                        | (\$307,246)                            | \$531,033                        | -57.86%                        |
| <b>Tuscola ISD</b>   |                           |                           |  |                                  |                                |
| Akron Fairgrove Schools  | \$319,655                 | \$235,003                 | (\$39,679)                             | \$2,433,444                      | -1.63%                         |
| <b>Wayne RESA</b>  |                           |                           |  |                                  |                                |
| Garden City School District  | \$2,219,913               | \$1,235,399               | (\$606,713)                            | \$41,925,504                     | -1.45%                         |
| Detroit Public Safety Academy  | NA                        | NA                        | (\$537,993)                            | \$635,683                        | -84.63%                        |
| Branch Line School   | NA                        | NA                        | (\$22,024)                             | \$645,855                        | -3.41%                         |
| Southwest Detroit Lighthouse Charter Academy   | NA                        | NA                        | (\$145,344)                            | \$2,727,660                      | -5.33%                         |
| Blanche Kelso Bruce Academy  | \$1,180,357               | \$326,628                 | (\$502,085)                            | \$8,796,685                      | -5.71%                         |
| <b>EAA</b>   |                           |                           |  |                                  |                                |
| Education Achievement Authority of Michigan  | NA                        | \$6,781,147               | (\$472,258)                            | \$100,645,091                    | -0.47%                         |
| <b>CATEGORY 5</b>  |                           |                           |  |                                  |                                |
| Districts whose deficits are being eliminated through the capture of school operating taxes through Department of Treasury |                           |                           |  |                                  |                                |
| <b>Muskegon Area ISD</b>   |                           |                           |  |                                  |                                |
| Muskegon Heights School District   | (\$11,896,251)            | (\$1,117,702)             | (\$1,089,576)                          | A, D \$3,064,325                 | -35.56%                        |
| <b>Wayne RESA</b>  |                           |                           |  |                                  |                                |
| Highland Park City Schools   | (\$12,170,066)            | (\$7,638,145)             | TBD                                    | A, D TBD                         |                                |
| <b>CATEGORY 6</b>  |                           |                           |  |                                  |                                |
| Academies that closed at the end of FY2014   |                           |                           |  |                                  |                                |
| Alternative Path Academy   | NA                        | (\$47,099)                | TBD                                    | TBD                              |                                |
| HEART Academy  | (\$93,780)                | (\$344,498)               | (\$661,442)                            | \$1,369,871                      | -48.28%                        |

| ISD/School Name             |  |  | June 2012<br>Fund Balance | June 2013<br>Fund Balance | Projected<br>June 2014<br>Fund Balance | Projected<br>2014 GF<br>Revenues | % Deficit<br>is of<br>Revenues |
|-----------------------------|--|--|---------------------------|---------------------------|--|----------------------------------|--------------------------------|
| <b>SUMMARY:</b>             |  |  |                           |                           |  |                                  |                                |
| <b>No. of<br/>Districts</b> | <b>Cat.</b>  | <b>Description</b>   |                           |                           |  |                                  |                                |
| 12                          | 1  | Districts that eliminated their deficit at June 30, 2014   |                           |                           |  |                                  |                                |
| 22                          | 2  | Districts that began FY2014 in deficit and ended the year with a reduced deficit.  |                           |                           |  |                                  |                                |
| 10                          | 3  | Districts that began FY2014 in deficit and ended the year with a greater deficit.  |                           |                           |  |                                  |                                |
| 21                          | 4  | Districts that began FY2014 with a positive fund balance but ended the year in deficit.                                    |                           |                           |  |                                  |                                |
| 2                           | 5  | Districts whose deficits are being eliminated through the capture of school operating taxes through Department of Treasury |                           |                           |  |                                  |                                |
| 2                           | 6  | Academies that closed at the end of FY2014   |                           |                           |  |                                  |                                |
| <b>*NOTES:</b>              |  |  |                           |                           |  |                                  |                                |
| A                           | District has an emergency loan from Treasury.  |  |                           |                           |  |                                  |                                |
| B                           | Financial emergency declared under PA436.  |  |                           |                           |  |                                  |                                |
| C                           | A note 2 in the district's audited financial statements indicates that the district may owe Genesee ISD up to \$8.6 million that is not recognized in the deficit. |  |                           |                           |  |                                  |                                |
| D                           | District exists as authorizer of an academy.   |  |                           |                           |  |                                  |                                |