



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

BRIAN J. WHISTON
STATE SUPERINTENDENT

March 29, 2016

Kurt Grangood, Superintendent
Craig Johnston, School Board President
Bay City Academy
400 N. Madison
Bay City, MI 48708

Dear Superintendent Grangood and Board President Johnston:

Thank you for the submission of your academy's Deficit Elimination Plan (DEP) as developed by the academy and approved by the local board of education. The Michigan Department of Education (MDE) has approved this plan based on contingencies, which are listed below. Attached is a one page summary of the DEP from your electronic submission.

The pupil projections included in this plan are based on strategies being implemented by the academy. If these pupil projections do not materialize, the academy will be expected to institute expenditure reductions in order to meet the fund balance targets in the plan.

The plan also projects Foundation Allowance increases. The district will be expected to institute expenditure reductions in any year where the school does not receive the projected increase, in order to meet the fund balance targets in the plan.

The academy is required to meet the fund balance targets in this DEP. Failure to meet these deficit reduction targets will invalidate the plan. Department approval is granted based on the following contingencies:

- If the academy is unable to achieve its enrollment projections, it will be expected to reduce expenditures in order to meet the fund balance targets in the DEP.
- The district will be expected to institute expenditure reductions in any year where the school does not receive a projected Foundation Allowance increase, in order to meet the fund balance targets in the plan.
- The academy is required to post a link to this approved DEP on its website within 30 days of this approval letter. The link should be posted on the budget transparency page, in the form and manner found in the transparency guidance.
- The academy is required to submit any revisions made to the current year budget along with the corresponding board resolution. If the budget revision impacts the DEP, the DEP should also be revised and submitted.

STATE BOARD OF EDUCATION

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March 29, 2016
Page 2

- The academy is required to submit Monthly Budgetary Control Reports to the Department. Please use the tab labeled "Month1Summary2016" in the DEP workbook.
- If a deficit continues to exist at fiscal year end 2015-16, the academy will be required to submit an updated DEP by July 31, 2016, or 30 days after the state school aid budget is passed, whichever comes later.
- If a deficit continues to exist at fiscal year end 2015-16, the academy will be required to submit its pupil count information no later than one week after the fall count.

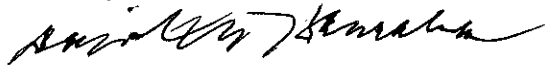
In addition to the contingencies above, within seven days of receipt of this approval, MDE requires the academy to submit a letter signed by the superintendent to the Department assuring the Department that no one associated with the previous management company, Smart Schools Inc., continues to be involved with the operations of the academy.

Please notify us if significant changes occur which would invalidate this plan as approved.

Please contact Jeff Kolb at (517) 373-1908 or kolbj2@michigan.gov, or Chad Urchike at (517) 335-1261 or urchikec1@michigan.gov, if you have any questions.

I look forward to your submissions and continued cooperation.

Sincerely,



Daniel M. Hanrahan, Director
Office of State Aid and School Finance

cc: Brian Lynch, Business Manager, Bay City Academy
Lena Jankowiak, Vice President, Academy Board of Directors
Tricia Coonan, Secretary, Academy Board of Directors
Ryan Moore, Treasurer, Academy Board of Directors
Scot Thompson, Trustee, Academy Board of Directors
Dave VanSice, Trustee, Academy Board of Directors
April Parkey, Trustee, Vice President, Academy Board of Directors
Nick Oshelski, Lake Superior State University Charter Office
Kyle Guarrant, Deputy Superintendent, Michigan Department of Education
Jeff Kolb, Financial Specialist, Office of State Aid and School Finance
Local Audits Unit, Michigan Department of Treasury

Account	Preliminary Actual 2014-15	Budgeted 2015-16	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2016-17	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2017-18	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2018-19	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2019-20	Yearly Increase (Decrease)	% Increase (Decrease)
Beginning Fund Equity:	\$31,187	(\$1,365,776)			(\$1,205,767)			(\$1,128,611)			(\$870,331)			(\$428,291)		
Adm. Revenues																
11x Local Sources	\$34,653	\$40,605	\$5,952	17.23%	\$40,000	\$4,496	11.10%	\$50,000	\$5,000	10.00%	\$55,000	\$5,000	10.00%	\$60,000	\$5,000	9.09%
51x Local Rec'd Thru Another Public Sch.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
22x Other Political Sub.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
30x State Sources	\$3,612,819	\$3,283,128	(\$329,691)	-9.68%	\$3,440,686	\$146,540	5.72%	\$3,720,405	\$279,739	7.85%	\$3,983,065	\$262,660	7.06%	\$4,212,000	\$228,935	5.76%
40x Federal Sources	\$70,960	\$207,943	\$136,983	193.05%	\$160,000	(\$27,943)	-15.44%	\$160,200	\$200	0.11%	\$162,300	\$2,100	1.17%	\$165,400	\$3,100	1.70%
52x-60x Incoming Transfers & Other	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
TOTAL REVENUES ETC.	\$3,718,332	\$3,511,579	(\$206,753)	-5.56%	\$3,674,666	\$163,087	4.44%	\$3,950,605	\$275,939	7.51%	\$4,220,365	\$269,760	6.83%	\$4,459,000	\$238,635	5.63%
TOTAL RESOURCES AVAILABLE	\$3,749,519	\$2,145,893	(\$1,603,716)	-42.77%	\$2,468,899	\$323,065	16.06%	\$2,821,994	\$353,095	14.30%	\$3,350,034	\$528,040	18.71%	\$4,029,709	\$679,675	20.29%
Less: Expenditures																
1xx Classroom Inst.	\$2,748,170	\$1,418,876	(\$1,329,294)	-48.37%	\$1,446,000	\$28,024	1.98%	\$1,487,800	\$40,800	2.83%	\$1,529,700	\$41,900	2.82%	\$1,572,800	\$43,100	2.82%
Support Services:																
21x Pupil	\$214,331	\$329,418	\$115,086	53.69%	\$336,000	\$6,584	2.00%	\$342,725	\$6,725	2.00%	\$346,000	\$3,275	2.01%	\$356,570	\$10,570	3.05%
22x Instr. Staff	\$4,342	\$4,500	\$158	3.64%	\$4,575	\$75	1.67%	\$4,650	\$75	1.64%	\$4,750	\$100	2.15%	\$4,850	\$100	2.11%
23x Gen. Adm.	\$340,603	\$436,390	\$95,787	28.12%	\$445,100	\$8,710	2.00%	\$454,000	\$8,900	2.00%	\$463,400	\$9,400	2.00%	\$472,350	\$8,950	2.00%
24x Sch. Adm.	\$339,748	\$414,092	\$74,344	21.89%	\$422,375	\$8,283	2.00%	\$430,800	\$8,425	1.96%	\$439,400	\$8,600	2.00%	\$448,200	\$8,800	2.00%
25x Business	\$141,680	\$236,000	\$94,310	66.56%	\$240,000	\$4,000	1.69%	\$244,200	\$4,200	1.75%	\$249,100	\$4,900	2.01%	\$254,100	\$5,000	2.01%
26x Operation & Maintenance	\$1,137,768	\$379,514	(\$758,254)	-66.84%	\$587,100	\$187,586	48.43%	\$690,000	\$22,900	4.04%	\$691,800	\$18,800	2.00%	\$693,850	\$12,050	2.00%
27x Transportation	\$148,498	\$102,314	(\$46,182)	-31.10%	\$104,360	\$2,046	2.00%	\$106,450	\$2,090	2.00%	\$108,575	\$2,125	2.00%	\$110,750	\$2,175	2.00%
28x Capital	\$40,147	\$30,468	(\$9,679)	-24.11%	\$31,100	\$632	2.07%	\$31,700	\$600	1.93%	\$32,300	\$600	1.89%	\$33,000	\$700	2.17%
29x Other	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
30x Community Services	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
41,42,43 Outgoing Transfers	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
49x Facilities Acq.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
51x Debt Service	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
60x Fund Modifications	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
TOTAL EXP. & OUTGOING TRANSFERS	\$5,115,295	\$3,351,570	(\$1,763,725)	-34.49%	\$3,587,510	\$245,940	7.34%	\$3,692,325	\$94,815	2.64%	\$3,778,325	\$86,000	2.33%	\$3,866,470	\$88,145	2.33%
ENDING FUND BALANCE	(\$1,365,776)	(\$1,205,767)	\$160,009	-11.72%	(\$1,128,611)	\$77,156	-6.40%	(\$870,331)	\$258,290	-22.88%	(\$428,291)	\$442,040	-56.76%	\$163,239	\$591,530	-138.11%