



Michigan School Business Officials

Early Warning

Subject: Budget Assumption 5% calculation formula

From our meeting this morning, CEPI, MDE, and Treasury have agreed on the equation that will be used to calculate the threshold for districts that will need to submit budget assumptions.

To calculate fund balance as a percent of revenue, Treasury will use **Total General Fund Balance/General Fund Unrestricted Revenues.**

Here are the specific codes CEPI will be using as their rules for this formula.

- District has data in both most recent FID submissions
 - – *We will clarify which year is current year and which is prior during submission*
- Fund Balance: Balance Sheet Fund = 11, Major Class = 7xx
- Revenue: Fund = 11, Major Class: 1xx (local), 2xx (other), 311, 316, 318 (state unrestricted), 411, 412, 416, 418 and 419 (federal unrestricted) 51x, 52x (funds received through another district)
- Fund Balance as Percent of Revenue = Fund Balance divided by Revenue
- **District required to report if calculated value is less than .05 for either collection year**