



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: April 1, 2016

TO: Local Emergency Financial Assistance Loan Board

FROM: Paul G. Connors, Director of the Office of School Review and Fiscal Accountability

SUBJECT: Final Preliminary Review Report – Hazel Park Schools

I. Background

On March 4, 2016 the Department of Treasury (the “Department”) initiated a Preliminary Review of the finances of Hazel Park Schools (the “District”) to determine whether or not a school district had probable financial stress. Pursuant to 2015 PA 110, section 4 (2) (b) (MCL 141.1544), the District is statutorily mandated to undergo a preliminary review of its finances to determine the existence of probable financial stress. In part, this section provides that the Department, as the State Financial Authority, shall conduct a preliminary review of any school district that is subject to a Deficit Elimination Plan (DEP) that provides for the elimination of deficit over a period exceeding 5 years.

II. Final Review Findings

The following are facts or circumstances determined by the Department that are indicative of probable financial stress pursuant to 2015 PA 110, section 4(1)(s):

- 1) The last approved DEP exceeds seven or more consecutive years (including the current year); and/or

Finding:

The District’s current DEP (attachment A) approved by the Michigan Department of Education in June 2015 and extends 5 years through the 2019-2020 fiscal year.

The District does not meet this criteria.

- 2) The district’s existing deficit is greater than 15% of general fund revenues; and/or

Finding:

The District’s approved budget amendment (attachment B) reflects total general fund revenues of \$39,626,659 for the 2015-2016 fiscal year. The District's total

projected fund balance for 2015-16 is negative \$6,406,389 indicating their deficit is 16% of their total general fund revenues.

The District does meet this criteria.

- 3) A fiscal review by one of the Department's program offices or an external auditor has revealed one or more material internal control weaknesses as evidenced by notes/findings in the financial audit related to:
 - a) Lack of written policies and procedures or failure to follow the written policies and procedures
 - b) Immediate concerns with cash shortfalls in current fiscal year which may lead to additional financings or emergency loan
 - c) Excessive variances on Final Expenditure Reports (FER) for grants with federal funds
 - d) History of spending outside the appropriations established by the local school board in violation of Uniform Budgeting and Accounting Act (UBAA)
 - e) Significant audit findings and/or material weaknesses identified in the single audit; and

Finding:

- a) No deficiency noted.
- b) District is currently not anticipating a cash flow shortfall for FY 16.
- c) There are excessive variances on FER for grants with federal funds (attachment C).
- d) District has been in violation of the UBAA since 2007 when it began spending outside the appropriations established by its board adopted budget.
- e) The District received 3 audit findings for 2014-2015 year (attachment D):
 - 1 Material Weakness Financial Statements
 - 2 Material Weakness Federal Awards

The District does meet this criteria.

- 4) The district has shown unsatisfactory progress in eliminating a deficit. This is determined by identifying one or more of the following conditions:
 - a) A deficit increase is planned the future fiscal year

- b) Lack of cooperation from the district in submitting deficit information (i.e., late submission of the DEP, delinquent return of phone calls or correspondence relating to the DEP, and chronic late submission of Monthly Budgetary Control Reports.)
- c) History of supplying the Department with DEP information that is inaccurate or inconsistent with actual revenues and expenditures at year end; and/or

Finding:

- a) The District’s deficit is showing a decrease from (\$8M) in the 2014-2015 fiscal year to a projected (\$6.4M) in the 2015-2016 fiscal year. The Department and District will work on revised projections during the Enhanced Deficit Elimination Plan (EDEP) process.
- b) No deficiency noted.
- c) No deficiency noted.

The District does not meet this criteria.

Other Findings:

The District has experienced declining enrollment for the last 6 years. Future projections show an increase in enrollment, which contradict the enrollment trend. School of Choice is considered annually by the Board of Education.

School Fiscal Year	2010	2011	2012	2013	2014	2015
Student FTE	5,109.95	5,031.16	4,632.2	4,100.84	3,869.29	3,640.82



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
STATE SUPERINTENDENT

June 3, 2015

Rick Repicky, Interim Superintendent
Rachel Noth, School Board President
Hazel Park Community Schools
1620 East Elza Avenue
Hazel Park, MI 48030

Dear Interim Superintendent Repicky and Board President Noth:

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

This plan is dependent upon the district's ability to convert certain short term debt to long term by November 1, 2015. If the district is unable to convert this debt, the DEP must be revised and submitted by November 15, 2015.

The DEP is also dependent upon projected membership growth. Therefore, it is critical that enrollment growth take place according to the schedule detailed in the DEP. The MDE expects that if the district is unable to realize projected revenue growth due to increased enrollment, it will institute expenditure reductions in order to maintain the deficit elimination schedule detailed in the plan.

This plan assumes that the per pupil foundation will increase in each year of the plan. If the foundation increase does not occur as detailed in the DEP, the MDE expects that the district will institute expenditure reductions in order to meet the fund balance targets in the plan.

The plan also assumes that financial incentives given to districts meeting certain criteria will continue each year. The Department expects that if the incentives are not offered, the district will institute expenditure reductions in order to meet the fund balance targets in the plan.

STATE BOARD OF EDUCATION

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The district 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 district is unable to convert certain short term debt to long term by November 1, 2015, the DEP must be revised and submitted by November 15, 2015.
- If the district is unable to achieve planned revenue growth due to increased enrollment, it will be expected to reduce expenditures in other categories in order to meet the fund balance targets detailed in this plan.
- The district is required to reduce projected expenditures in any year where the district's actual foundation is below the levels assumed in this plan.
- The district is required to reduce projected expenditures if the district does not receive the financial incentives assumed in this DEP.
- The district 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 district is required to submit any revisions made to the current year budget along with the corresponding board resolution adopting the revised budget. If the budget revision impacts the DEP, the DEP should be revised and submitted as well. Revisions must be submitted no later than one week after they are adopted by the board.
- The district is required to submit Monthly Budgetary Control Reports to the Department. Please use the tab labeled "Month1Summary2015" of the electronic DEP form used to prepare your DEP for this purpose.
- If a deficit continues to exist at fiscal year end 2015-16, the district 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.
- The district is required to submit its pupil count information no later than one week after the 2015-16 fall count.

The district has requested an additional five years to eliminate the deficit. Districts that require additional time to eliminate the deficit are subject to strict monitoring of their adherence to the plan. It is important, therefore, that the district implements the strategies included in the plan and submits monthly budgetary control reports on time. The approval of this plan should also be considered approval of your request for an extension of time to eliminate the deficit.

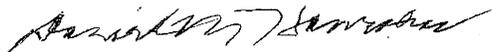
Rick Repicky
Rachel Noth
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Please notify us if significant changes occur which would invalidate this plan as approved.

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: Robert Moore, Deputy Superintendent, Finance and Operations, Oakland Schools
Beverly Hinton, Vice President, School Board of Education
Sue Hemple, Secretary, School Board of Education
Rose Mary Hammonds, Treasurer, School Board of Education
Laura Adkins, Trustee, School Board of Education
Sherrie Polowski, Trustee, School Board of Education
Vickie Markavitch, Superintendent, Oakland Schools
Kyle Guerrant, Deputy Superintendent, Michigan Department of Education
Jeff Kolb, Financial Specialist, Office of State Aid and School Finance
Local Audits Unit, Michigan Department of Treasury

Hazel Park School District Financial and Operation Plan/Deficit Elimination Plan-General fund Only

28-Apr-15

Beginning Fund balance	\$ (2,343,203)	\$ (1,527,137)	\$ (3,919,403)	\$ (6,191,945)	\$ (11,837,118)	\$ (1,306,372)	\$ (1,236,558)	\$ (665,468)	\$ (310,786)	xxx	\$ 8,751	\$ 365,341	\$ 767,897	\$ 1,230,729
Foundation funding per pupil-BLENDED (increases +1.5% per year)	\$ 7,490.00	\$ 7,020.00	\$ 7,435.00	\$ 7,485.00	\$ 7,555.00	\$ 7,668.33	\$ 7,783.35	\$ 7,900.10	\$ 8,018.60	\$ 8,138.88	\$ 8,260.96	\$ 8,384.88	\$ 8,510.65	\$ 8,636.52
Foundation funding increase as Percent	0.67%	0.67%	0.67%	0.94%	0.94%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Actual	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	
Student count for funding (blended)includes new ITA program	4,642.36	4,109	3,848	3,644	3,535	3,535	3,570	3,606	3,642	3,678	3,715	3,752	3,790	
Percent change of enrollment		-11.48%	-6.37%	-5.30%	-3.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
REVENUE														
State funding including UAAL Section 25 e adjustments	\$ 36,971,322	\$ 33,404,524	\$ 33,291,898	\$ 32,351,300	\$ 32,344,490	\$ 32,442,057	\$ 32,852,699	\$ 33,273,669	\$ 33,705,226	\$ 34,147,636	\$ 34,601,173	\$ 35,066,117	\$ 35,542,754	
Local funding from Property Tax				\$ 2,400,000	\$ 2,384,012	\$ 2,384,012	\$ 2,384,012	\$ 2,384,012	\$ 2,384,012	\$ 2,384,012	\$ 2,384,012	\$ 2,384,012	\$ 2,384,012	\$ 2,384,012
Other Local funding including rental income	\$ 3,267,428	\$ 3,185,449	\$ 3,195,811	\$ 739,500	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Erate funding for Telecomm and Wi fi														
PA-18 funding for Special Education programs (\$2,157,008)					\$ 2,157,008	\$ 2,227,111	\$ 2,199,492	\$ 2,270,975	\$ 2,344,782	\$ 2,420,987	\$ 2,499,670	\$ 2,580,909	\$ 2,664,788	\$ 2,751,394
Federal funding	\$ 5,689,690	\$ 3,332,957	\$ 2,464,775	\$ 2,524,350	\$ 2,536,972	\$ 2,549,657	\$ 2,562,405	\$ 2,575,217	\$ 2,588,093	\$ 2,601,033	\$ 2,614,039	\$ 2,627,109	\$ 2,640,244	
New financing (November 2015, 4.5%, 15 years)														
other financing sources/ misc revenue/ rent and Indirect cost from center program	\$ 991,464	\$ 858,410	\$ 215,084	\$ 910,000	\$ 910,000	\$ 910,000	\$ 910,000	\$ 910,000	\$ 910,000	\$ 910,000	\$ 910,000	\$ 910,000	\$ 910,000	\$ 910,000
Total Revenue	\$ 46,919,904	\$ 40,781,340	\$ 39,167,568	\$ 41,082,158	\$ 50,702,584	\$ 41,285,218	\$ 41,780,091	\$ 42,287,680	\$ 42,808,318	\$ 43,342,351	\$ 43,890,133	\$ 44,452,026	\$ 45,028,404	
Total Revenue per pupil	\$ 10,107	\$ 9,924	\$ 10,179	\$ 11,274	\$ 14,344	\$ 11,680	\$ 11,703	\$ 11,728	\$ 11,755	\$ 11,784	\$ 11,814	\$ 11,847	\$ 11,882	
EXPENDITURES														
classroom instruction-Basic needs-excluding center program costs	\$ 23,551,554	\$ 21,585,237	\$ 21,137,160	\$ 21,775,050	\$ 20,515,050	\$ 20,515,050	\$ 20,585,050	\$ 20,655,050	\$ 20,725,050	\$ 20,795,050	\$ 20,865,050	\$ 20,935,050	\$ 21,005,050	
Added Needs	\$ 5,871,702	\$ 5,955,276	\$ 5,152,427	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275	\$ 4,899,275
Adult Education	\$ 371,902	\$ 404,887	\$ 436,390	\$ 495,700	\$ 495,700	\$ 495,700	\$ 495,700	\$ 495,700	\$ 495,700	\$ 495,700	\$ 495,700	\$ 495,700	\$ 495,700	\$ 495,700
Pupil services	\$ 2,435,215	\$ 2,388,791	\$ 2,347,804	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700	\$ 2,553,700
Inst. Staff Support	\$ 1,754,204	\$ 1,775,621	\$ 1,762,086	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000	\$ 2,057,000
General Administration	\$ 1,063,448	\$ 722,821	\$ 659,514	\$ 681,600	\$ 806,600	\$ 731,600	\$ 731,600	\$ 731,600	\$ 731,600	\$ 731,600	\$ 731,600	\$ 731,600	\$ 731,600	\$ 731,600
School Administration	\$ 1,793,512	\$ 1,710,003	\$ 1,604,806	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000
Business-	\$ 1,001,138	\$ 848,500	\$ 907,277	\$ 1,254,446	\$ 1,325,646	\$ 1,332,274	\$ 1,338,936	\$ 1,345,630	\$ 1,352,358	\$ 1,359,120	\$ 1,365,916	\$ 1,372,745	\$ 1,379,690	
Other Business-SAN interest closing costs +finance advisor				\$ 149,554	\$ 435,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000
Severance incentive payments for 11/12, 12/13 and 13/14 and sick leave payout				\$ 805,000	\$ 410,000	\$ 380,000	\$ 75,000							
Sick leave payouts				\$ 400,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
ORS interest payments at approx 6.17% then in FY 15/16 the debt owed is financed and paid off				\$ 60,000	\$ 100,000									
Operation and Maintenance excluding Utilities & insurance	\$ 5,823,153	\$ 5,315,986	\$ 3,882,498	\$ 4,172,337	\$ 3,986,491	\$ 3,996,457	\$ 4,006,448	\$ 4,016,464	\$ 4,026,506	\$ 4,036,572	\$ 4,046,663	\$ 4,056,780	\$ 4,066,922	
Utilities		\$ 1,103,330	\$ 1,172,663	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000	\$ 1,222,000
Insurance for Property, G/L and ER&O				\$ 318,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Transportation includes special ed, homeless, regular ed and grants	\$ 413,912	\$ 274,736	\$ 264,288	\$ 318,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Central	\$ 416,171	\$ 460,305	\$ 506,103	\$ 531,350	\$ 696,350	\$ 699,832	\$ 703,331	\$ 706,848	\$ 710,382	\$ 713,934	\$ 717,503	\$ 721,091	\$ 724,696	
Other-Athletics	\$ 506,703	\$ 476,684	\$ 521,697	\$ 532,000	\$ 640,250	\$ 640,250	\$ 640,250	\$ 640,250	\$ 640,250	\$ 640,250	\$ 640,250	\$ 640,250	\$ 640,250	\$ 640,250
Community services	\$ 304,799	\$ 286,168	\$ 209,970	\$ 232,400	\$ 232,400	\$ 232,400	\$ 232,400	\$ 232,400	\$ 232,400	\$ 232,400	\$ 232,400	\$ 232,400	\$ 232,400	\$ 232,400
Capital expenditures for building and technology equipment and infrastructure	\$ 42,510			\$ -	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000
Debt service on new financing (4.5%, 15 year)				\$ 525,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
Transfers out for QZAB only	\$ 816,066	\$ 816,334	\$ 396,759	\$ 246,823	\$ 246,823	\$ 246,823	\$ 147,463							
Energy bond payments thru 2026				\$ 290,256	\$ 294,566	\$ 293,556	\$ 292,406	\$ 290,844	\$ 294,000	\$ 290,713	\$ 292,088	\$ 293,088	\$ 293,088	\$ 293,088
Transfers to other funds and indirect cost payments from Grants			\$ 189,435	\$ 338,177	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Transfer to Center Program budget (Fund 220)			\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000	\$ 2,382,000
Transfer out to Food service-Subsidy		\$ 152,257	\$ 185,903	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
GROSS expenditure reduction plan to be effective 7/1/15: See Summary attached-these savings will be allocated to functions above within the General Fund budget				\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)	\$ (6,627,013)
Attrition savings due to staff retirements and turnover net of health insurance cap increases				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
budget increase for Unemployment insurance				\$ -	\$ 400,000									
off schedule pay adjustments-General fund portion only and NOT recurring														
Allowance for wage & benefit and contractor modifications on the base, such as steps-excludes grant portion and center program portion of this cost				\$ 100,000	\$ 600,000	\$ 1,200,000	\$ 2,000,000	\$ 2,600,000	\$ 3,000,000	\$ 3,400,000	\$ 3,800,000	\$ 4,200,000	\$ 4,600,000	\$ 5,000,000
Total of expenditures shown	\$ 46,165,989	\$ 43,173,606	\$ 41,440,110	\$ 46,727,331	\$ 40,171,838	\$ 41,215,404	\$ 41,209,001	\$ 41,932,997	\$ 42,488,782	\$ 42,985,760	\$ 43,487,577	\$ 43,989,195	\$ 44,489,991	
Informational														
Contribution to deficit reduction or net income	\$ 753,915	\$ (2,392,266)	\$ (2,272,542)	\$ (5,645,173)	\$ 10,530,746	\$ 69,813	\$ 571,090	\$ 354,682	\$ 319,536	\$ 356,591	\$ 402,556	\$ 462,831	\$ 538,413	Avg. contribution to deficit per pupil/year
Contribution to deficit reduction per pupil				\$ (591)	\$ (1,549)	\$ 2,979	\$ 20	\$ 160	\$ 98	\$ 88	\$ 97	\$ 108	\$ 123	\$ 142
Deficit reduction per pupil as percent of state and local funding					-14.64%	21.9%	0.2%	1.5%	0.9%	0.8%	1.0%	1.1%	1.3%	\$ 669.02
State and local funding per pupil					\$ 10,581	\$ 13,627	\$ 10,959	\$ 10,985	\$ 11,014	\$ 11,044	\$ 11,076	\$ 11,111	\$ 11,147	\$ 11,185
Total expenditure per pupil	\$ 9,945	\$ 10,506	\$ 10,770	\$ 12,823	\$ 11,365	\$ 11,660	\$ 11,543	\$ 11,630	\$ 11,667	\$ 11,687	\$ 11,706	\$ 11,724	\$ 11,740	\$ 5.04%
capital improvement budget in General Fund	\$ 42,510			\$ -	\$ -	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	total
Payments for long term debt and interest costs:				\$ 1,551,633	\$ 2,011,389	\$ 1,975,379	\$ 1,669,229	\$ 1,493,307	\$ 1,349,000	\$ 1,345,713	\$ 1,347,088	\$ 1,348,088	\$ 1,348,088	\$ 3,400,000
Long term debt and interest cost per pupil	\$ 176	\$ 199	\$ -	\$ 426	\$ 569	\$ 559	\$ 468	\$ 414	\$ 370	\$ 366	\$ 363	\$ 359	\$ 356	
TOTAL EXPENDITURE FOR DEBT SERVICE, INTEREST EXPENSE,COSTS OF ISSUANCE AND DEFICIT REDUCTION				\$ (4,093,540)	\$ 12,542,135	\$ 2,045,192	\$ 2,240,319	\$ 1,493,307	\$ 1,349,000	\$ 1,345,713	\$ 1,347,088	\$ 1,348,088	\$ 1,348,088	average per pupil
combined annual cost/pupil for long term debt interest cost and deficit reduction				\$ (1,123)	\$ 3,548	\$ 579	\$ 628	\$ 513	\$ 458	\$ 463	\$ 471	\$ 483	\$ 498	\$ 1,145
Previous as per cent of all state and local funding				-10.62%	-8.24%	5.28%	5.71%	4.65%	4.15%	4.18%	4.24%	4.33%	4.45%	\$ 4.95%
Long term debt and interest/financing costs as percent of state and local revenue					4.18%	5.10%	4.26%	3.76%	3.35%	3.30%	3.26%	3.22%	3.18%	

Attachment B

**GENERAL APPROPRIATIONS RESOLUTION
FOR ADOPTION BY
THE BOARD OF EDUCATION OF
THE SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**

RESOLVED, that this resolution shall be the **General Fund** Appropriations Act of The School District of the City of Hazel Park for the fiscal year **2015/2016**: A resolution to make appropriations; and to provide for the disposition of all income received by The School District of the City of Hazel Park.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriation in the **General Fund** of the School District of the City of Hazel Park for the fiscal year **2015/2016** be adopted as follows:

	6/22/15 Original Budget <u>2015/2016</u>	10/26/2015 First Amendment <u>2015/2016</u>	3/21/2016 Second Amendment <u>2015/2016</u>
<u>Revenue</u>			
Local	\$2,539,933	\$2,666,547	\$2,746,023
State	\$32,501,911	\$30,688,837	\$30,156,968
Federal	\$3,265,755	\$3,129,716	\$3,303,851
Incoming Transfers & Other Transaction	<u>\$13,151,276</u>	<u>\$3,651,276</u>	<u>\$3,419,817</u>
Total Revenue	<u>\$51,458,875</u>	<u>\$40,136,376</u>	<u>\$39,626,659</u>
Fund Balance Available to Appropriate	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Available to Appropriate	<u>\$51,458,875</u>	<u>\$40,136,376</u>	<u>\$39,626,659</u>

BE IT FURTHER RESOLVED, that revenue from the proposed millage levy of 18.0000 mills on non-primary residency property and 6.0000 mills on commercial personal property be used for operating purposes.

BE IT FURTHER RESOLVED, that \$38,015,012 in the **General Fund** is hereby appropriated in the amounts and for the purposes set forth below:

<u>Expenditures</u>	<u>6/22/15 Original Budget 2015/2016</u>	<u>10/26/2015 First Amendment 2015/2016</u>	<u>3/21/2016 Second Amendment 2015/2016</u>
Instruction:			
Basic Programs	\$17,266,567	\$16,637,140	\$16,800,052
Added Needs	\$5,332,705	\$5,384,560	\$5,060,069
Adult and Continuing Education	\$405,613	\$447,644	\$409,954
Support Services:			
Pupil Support	\$2,316,919	\$2,223,665	\$2,200,465
Instructional Support	\$2,197,750	\$1,983,188	\$1,791,828
General Administration	\$809,420	\$620,405	\$665,195
School Administration	\$1,845,990	\$1,498,195	\$1,409,365
Business Support	\$1,674,337	\$1,345,102	\$1,352,099
Operations & Maintenance	\$3,885,379	\$3,719,519	\$3,605,070
Transportation	\$231,191	\$262,986	\$318,097
Central Support	\$707,072	\$811,562	\$807,128
Other Support	\$575,146	\$546,529	\$543,360
Community Services	\$140,445	\$10,198	\$11,451
Building Improvement Services			
Debt Services	\$525,000	\$33,000	\$33,000
Outgoing Transfers and Other Transactions	<u>\$3,007,879</u>	<u>\$3,007,879</u>	<u>\$3,007,879</u>
Total Appropriated	<u>\$40,921,413</u>	<u>\$38,531,572</u>	<u>\$38,015,012</u>
Impact on Fund Balance	<u>\$10,537,462</u>	<u>\$1,604,804</u>	<u>\$1,611,647</u>

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to this Appropriation Act as Adopted by the Board of Education.

BE IT FURTHER RESOLVED, that the Superintendent of Schools and his/her designee are hereby charged with the responsibility of preparing and presenting the proposed budget and executing the budgets adopted by the Board.

This Act is to take immediate effect.

**School District of the City of Hazel Park
General Fund Budget
Revenue and Expenditures by Function**

	<u>2014/2015</u>		<u>2015/2016</u>				
	<i>Final Actual</i>	<i>Actual %</i>	<i>Original Budget</i>	<i>First Amendment</i>	<i>Second Amendment</i>	<i>Budget Change</i>	<i>% of Total</i>
REVENUE:							
Local Revenue	\$2,698,591	6.5%	\$2,539,933	\$2,666,547	\$2,746,023	\$79,476	6.9%
State Revenue	\$32,139,951	77.6%	\$32,501,911	\$30,688,837	\$30,156,968	(\$531,869)	76.1%
Federal Revenue	\$2,267,037	5.5%	\$3,265,755	\$3,129,716	\$3,303,851	\$174,135	8.3%
Transfers In & Other Financing Sources	\$4,306,469	10.4%	\$13,151,276	\$3,651,276	\$3,419,817	(\$231,459)	8.6%
TOTAL REVENUE & OTHER SOURCES	\$41,412,049	100.0%	\$51,458,875	\$40,136,376	\$39,626,659	(\$509,717)	100.0%
EXPENDITURES:							
INSTRUCTION:							
Basic Programs	\$19,697,460	45.6%	\$17,266,567	\$16,637,140	\$16,800,052	\$162,912	44.2%
Added Needs	\$5,530,224	12.8%	\$5,332,705	\$5,384,560	\$5,060,069	(\$324,491)	13.3%
Adult and Continuing Education	\$450,647	1.0%	\$405,613	\$447,644	\$409,954	(\$37,690)	1.1%
TOTAL INSTRUCTION	\$25,678,330	59.4%	\$23,004,885	\$22,469,344	\$22,270,075	(\$199,269)	58.6%
SUPPORT SERVICES:							
Pupil Support	\$2,756,141	6.4%	\$2,316,919	\$2,223,665	\$2,200,465	(\$23,200)	5.8%
Instructional Staff Support	\$1,686,307	3.9%	\$2,197,750	\$1,983,188	\$1,791,828	(\$191,360)	4.7%
General Administration	\$793,668	1.8%	\$809,420	\$620,405	\$665,195	\$44,790	1.7%
School Administration	\$1,603,735	3.7%	\$1,845,990	\$1,498,195	\$1,409,365	(\$88,830)	3.7%
Business Support	\$1,036,749	2.4%	\$1,674,337	\$1,345,102	\$1,352,099	\$6,997	3.6%
Operations, Maintenance & Security	\$4,806,962	11.1%	\$3,885,379	\$3,719,519	\$3,605,070	(\$114,449)	9.5%
Pupil Transportation Services	\$287,599	0.7%	\$231,191	\$262,986	\$318,097	\$55,111	0.8%
Central Support	\$619,067	1.4%	\$707,072	\$811,562	\$807,128	(\$4,434)	2.1%
Other Support	\$522,946	1.2%	\$575,146	\$546,529	\$543,360	(\$3,169)	1.4%
TOTAL SUPPORT SERVICES	\$14,113,173	32.6%	\$14,243,204	\$13,011,151	\$12,692,607	(\$318,544)	33.4%
COMMUNITY SERVICES	\$232,940	0.5%	\$140,445	\$10,198	\$11,451	\$1,253	0.0%
BUILDING IMPROVEMENT SERVICES	\$0	0.0%	\$0	\$0	\$0	\$0	0.0%
DEBT SERVICE	\$33,000	0.1%	\$525,000	\$33,000	\$33,000	\$0	0.1%
OTHER FINANCING USES:							
Transfer to Center Program	\$2,395,574	5.5%	\$2,465,000	\$2,465,000	\$2,465,000	\$0	6.5%
Transfer to Community Service Fund	\$45,135	0.1%	\$0	\$0	\$0	\$0	0.0%
Transfer to Food Service Fund	\$202,910	0.5%	\$0	\$0	\$0	\$0	0.0%
Transfer to Debt Service Fund	\$537,078	1.2%	\$542,879	\$542,879	\$542,879	\$0	1.4%
Other Transactions	\$0	0.0%	\$0	\$0	\$0	\$0	0.0%
TOTAL OTHER USES	\$3,180,697	7.4%	\$3,007,879	\$3,007,879	\$3,007,879	\$0	7.9%
TOTAL EXPENDITURES & OTHER USES	\$43,238,140	100.0%	\$40,921,413	\$38,531,572	\$38,015,012	(\$516,560)	100.0%
EXCESS (SHORTAGE) REVENUES OVER EXPENDITURES	(\$1,826,091)		\$10,537,462	\$1,604,804	\$1,611,647	\$6,843	
FUND BALANCE/(DEFICIT) - BEGINNING OF YEAR	(\$6,191,945)		(\$8,018,036)	(\$8,018,036)	(\$8,018,036)		
FUND BALANCE/(DEFICIT) - END OF YEAR	(\$8,018,036)		\$2,519,426	(\$6,413,232)	(\$6,406,389)		
FUND BALANCE AS PERCENT OF REVENUE	-19.4%		4.9%	-16.0%	-16.2%		
FUND BALANCE AS PERCENT OF EXPENDITURES	-18.5%		6.2%	-16.6%	-16.9%		

Reporting Final Expenditures

Recipient Code: 63130
 Grant Number: 150520

Recipient Name: Hazel Park, School District of the City of
 Grant Name: TITLE II PART A

CFDA: 84.367
 Project Number: 1415
 Revenue Code:
 Project Start Date: 10/27/2014
 Project End Date: 9/30/2015
 Business Office Contact: Josie Petitta
 Business Office Phone: (248) 658-5213 ext.
 Last Changed By: Ms. josie petitta
 Status: Processed

Approved Amount:	\$253,283.00
Project Paid:	\$38,915.74
Unexpended:	\$214,367.26

Project Contact: Megan Fuciarelli
 Project Contact Phone: (248) 658-5238 ext.
 Date Last Changed: 11/24/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
119 Basic Program - Summer School	\$88,390.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
221 Improvement of Instruction	\$142,697.00	\$0.00	\$0.00	\$37,609.77	\$155.75	\$0.00	\$0.00	\$37,765.52	-73.53 %
283 Staff/Personnel Services	\$14,931.00	\$0.00	\$0.00	\$94.14	\$237.00	\$0.00	\$0.00	\$331.14	-97.78 %
331 Community Activities	\$1,935.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
Sub-Total	\$247,953.00	\$0.00	\$0.00	\$37,703.91	\$392.75	\$0.00	\$0.00	\$38,096.66	-84.64 %
Budget Indirect Cost (max 2.15%) \$5,330.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)						\$819.08	
Budget Total	\$253,283.00	Expend. Total						\$38,915.74	

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 150580

Recipient Name: Hazel Park, School District of the City of
Grant Name: Title III Limited English

CFDA: 84.365
Project Number: 1415
Revenue Code:
Project Start Date: 10/27/2014
Project End Date: 9/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$84,992.00
Project Paid:	\$56,787.56
Unexpended:	\$28,204.44

Project Contact: Megan Fuciarelli
Project Contact Phone: (248) 658-5237 ext.
Date Last Changed: 11/24/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
125 Added Needs - Compensatory Education	\$84,992.00	\$39,815.17	\$16,972.39	\$0.00	\$0.00	\$0.00	\$0.00	\$56,787.56	-33.18 %
Sub-Total	\$84,992.00	\$39,815.17	\$16,972.39	\$0.00	\$0.00	\$0.00	\$0.00	\$56,787.56	-33.18 %
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)					\$0.00		
Budget Total	\$84,992.00						Expend. Total		\$56,787.56

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151520

Recipient Name: Hazel Park, School District of the City of
Grant Name: ESEA Title I-2% Schoolwide Plan Grants

CFDA: 84.010
Project Number: 1415
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 9/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: 248-658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$3,000.00
Project Paid:	\$1,500.00
Unexpended:	\$1,500.00

Project Contact: Amy Kruppe
Project Contact Phone: 248-658-5200 ext.
Date Last Changed: 11/25/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
221 Improvement of Instruction	\$0.00	\$0.00	\$0.00	\$1,500.00	\$0.00	\$0.00	\$0.00	\$1,500.00	100.00 %
Sub-Total	\$0.00	\$0.00	\$0.00	\$1,500.00	\$0.00	\$0.00	\$0.00	\$1,500.00	0.00 %
Budget Indirect Cost (max 0%) \$0.00				Expend. Indirect Cost (: 0%; 1: 0%)				\$0.00	
Budget Total	\$0.00							Expend. Total	\$1,500.00

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151700

Recipient Name: Hazel Park, School District of the City of
Grant Name: TITLE I PART D

CFDA: 84.010
Project Number: 1415
Revenue Code:
Project Start Date: 10/27/2014
Project End Date: 9/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$30,341.00
Project Paid:	\$3,737.85
Unexpended:	\$26,603.15

Project Contact: Kathy Borowicz
Project Contact Phone: (248) 658-5238 ext.
Date Last Changed: 11/25/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
125 Added Needs - Compensatory Education	\$6,041.00	\$0.00	\$0.00	\$0.00	\$3,737.85	\$0.00	\$0.00	\$3,737.85	-38.12 %
225 Computer- Assisted Instruction	\$19,800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
227 Academic Student Assessment	\$4,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
Sub-Total	\$30,341.00	\$0.00	\$0.00	\$0.00	\$3,737.85	\$0.00	\$0.00	\$3,737.85	-87.68 %
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)						\$0.00	
Budget Total	\$30,341.00	Expend. Total						\$3,737.85	

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151530

Recipient Name: Hazel Park, School District of the City of
Grant Name: Title I Part A

CFDA: 84.010
Project Number: 1415
Revenue Code:
Project Start Date: 10/27/2014
Project End Date: 9/30/2015

Approved Amount:	\$1,245,737.00
Project Paid:	\$912,377.34
Unexpended:	\$333,359.66

Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Mr. Brandon Reed
Status: Processed

Project Contact: Megan Fuciarelli
Project Contact Phone: (248) 658-5234 ext.
Date Last Changed: 12/22/2015

Reason for Reopening Report:

Please reopen as a 999 Audit FER for Audit Finding #2015-005 . The direct amount to be reduced is \$63,428.00. The indirect amount to be reduced is \$1,363.71 (New Indirect Amount is \$19,203.24). These funds are available. Date of request is 12/18/2015 by Judy Thelen, OFS.

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
119 Basic Program - Summer School	\$50,766.00	\$7,033.05	\$5,739.17	\$0.00	\$0.00	\$0.00	\$0.00	\$12,772.22	-74.84 %
125 Added Needs - Compensatory Education	\$1,115,041.00	\$470,120.81	\$271,087.49	\$3,106.57	\$150,096.11	\$0.00	\$0.00	\$894,410.98	-19.78 %
221 Improvement of Instruction	\$6,043.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
271 Pupil Transportation Services	\$23,955.00	\$0.00	\$0.00	\$23,955.00	\$0.00	\$0.00	\$0.00	\$23,955.00	0.00 %

Reporting Final Expenditures

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var	
331 Community Activities	\$23,149.00	\$0.00	\$0.00	\$0.00	\$25,463.90	\$0.00	\$0.00	\$25,463.90	10.00 %	
999 Disallowed Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$63,428.00)	(\$63,428.00)	100.00 %	
Sub-Total	\$1,218,954.00	\$477,153.86	\$276,826.66	\$27,061.57	\$175,560.01	\$0.00	(\$63,428.00)	\$893,174.10	-26.73 %	
Budget Indirect Cost (max 2.15%) \$26,207.00							Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)		\$19,203.24	
Budget Total	\$1,245,161.00						Expend. Total		\$912,377.34	

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151120

Recipient Name: Hazel Park, School District of the City of
Grant Name: Federal Adult Ed English Literacy Civics

CFDA: 84.002
Project Number: 155147
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 6/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$22,220.00
Project Paid:	\$21,999.83
Unexpended:	\$220.17

Project Contact: Michelle LaPorte
Project Contact Phone: (248) 658-5612 ext.
Date Last Changed: 8/1/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
131 Adult Continuing Education – Basic	\$21,399.00	\$14,941.87	\$6,527.26	\$0.00	\$0.00	\$0.00	\$0.00	\$21,469.13	0.32 %
227 Academic Student Assessment	\$821.00	\$0.00	\$0.00	\$211.26	\$319.44	\$0.00	\$0.00	\$530.70	-35.35 %
Sub-Total	\$22,220.00	\$14,941.87	\$6,527.26	\$211.26	\$319.44	\$0.00	\$0.00	\$21,999.83	-0.99 %
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)					\$0.00		
Budget Total	\$22,220.00							Expend. Total	\$21,999.83

LOCAL SHARE

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151190

Recipient Name: Hazel Park, School District of the City of
Grant Name: Federal Adult Education Institutional Programs

CFDA: 84.002
Project Number: 151147
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 6/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$30,000.00
Project Paid:	\$30,000.00
Unexpended:	\$0.00

Project Contact: Michelle LaPorteq
Project Contact Phone: (248) 658-5612 ext.
Date Last Changed: 8/1/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
131 Adult Continuing Education – Basic	\$16,449.00	\$13,075.16	\$5,017.48	\$0.00	\$0.00	\$0.00	\$0.00	\$18,092.64	9.99 %
132 Adult Continuing Education – Secondary	\$7,352.00	\$2,268.46	\$4,884.46	\$0.00	\$0.00	\$0.00	\$0.00	\$7,152.92	-2.70 %
221 Improvement of Instruction	\$1,149.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
225 Computer-Assisted Instruction	\$4,400.00	\$0.00	\$0.00	\$4,400.00	\$0.00	\$0.00	\$0.00	\$4,400.00	0.00 %

Reporting Final Expenditures

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
227 Academic Student Assessment	\$650.00	\$0.00	\$0.00	\$0.00	\$354.44	\$0.00	\$0.00	\$354.44	-45.47 %
Sub-Total	\$30,000.00	\$15,343.62	\$9,901.94	\$4,400.00	\$354.44	\$0.00	\$0.00	\$30,000.00	0.00 %
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)						\$0.00	
Budget Total	\$30,000.00						Expend. Total		\$30,000.00

LOCAL SHARE								
Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.
Sub-Total								

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151130

Recipient Name: Hazel Park, School District of the City of
Grant Name: Federal Adult Education ABE Instruction

CFDA: 84.002
Project Number: 151147
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 6/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$48,000.00
Project Paid:	\$48,000.00
Unexpended:	\$0.00

Project Contact: Michelle LaPorte
Project Contact Phone: (248) 658-5612 ext.
Date Last Changed: 8/1/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
131 Adult Continuing Education – Basic	\$28,421.00	\$16,739.29	\$14,269.35	\$0.00	\$0.00	\$0.00	\$0.00	\$31,008.64	9.10 %
212 Support Services – Pupil – Guidance Services	\$8,693.00	\$6,631.00	\$2,062.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,693.00	0.00 %
222 Educational Media Services	\$2,137.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
225 Computer-Assisted Instruction	\$7,795.00	\$0.00	\$0.00	\$7,795.00	\$0.00	\$0.00	\$0.00	\$7,795.00	0.00 %

Reporting Final Expenditures

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
227 Academic Student Assessment	\$954.00	\$0.00	\$0.00	\$0.00	\$503.36	\$0.00	\$0.00	\$503.36	-47.23 %
Sub-Total	\$48,000.00	\$23,370.29	\$16,331.35	\$7,795.00	\$503.36	\$0.00	\$0.00	\$48,000.00	0.00 %
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)					\$0.00		
Budget Total	\$48,000.00						Expend. Total	\$48,000.00	

LOCAL SHARE								
Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.
Sub-Total								

GSRP PRESCHOOL FER 2014-15

*Counts against 5% administrative cap

Hazel Park	FUNC. CODE	DESCRIPTION	FTE/HOURS	SALARIES 1000	BENEFITS 2000	PURCHASED SERVICES 3000, 4000	SUPPLIES & MATERIALS 5000	CAPITAL OUTLAY (Over \$5,000 only) 6000	Other (Not to exceed \$100) EXPENSES 7000, 8000	TOTAL
Hazel Park	118.01	Teacher - Salaried (FTE/HOURS, SALARIES, BENEFITS)	7	\$ 269,177.31	\$ 103,891.91					\$ 373,069.22
Hazel Park	118.03	Associate Teacher - Salaried (FTE/HOURS, SALARIES, BENEFITS)	6	\$ 141,035.25	\$ 87,121.27					\$ 228,156.52
Hazel Park	118.07	Caregiver/Floater, etc. - Salaried (FTE/HOURS, SALARIES, BENEFITS)	0.5	\$ 4,595.71	\$ 6,764.03					\$ 11,359.74
Hazel Park	118.11	Substitutes - Contractual (PURCHASED SERVICES ONLY)				\$ 4,540.19				\$ 4,540.19
Hazel Park	118.21	Consumable teaching supplies					\$ 7,854.53			\$ 7,854.53
Hazel Park	118.22	Creative play materials/manipulatives					\$ 2,768.56			\$ 2,768.56
Hazel Park		SUBTOTAL BASIC PROGRAM - 110								\$ 627,748.76
Hazel Park	221.03	Off-site Conference Fees (including registration fees)				\$ 654.74				\$ 654.74
Hazel Park	226.03	Administrative Work by Direct Supervisor of GSRP Program - Salaried (FTE/HOURS, SALARIES, BENEFITS)	0.75	\$ 41,059.39	\$ 18,144.27					\$ 59,203.66
Hazel Park	226.05	Clerical Support to GSRP supervisor/director or Early Childhood Specialis: - Salaried (FTE/HOURS, SALARIES, BENEFITS)	0.25	\$ 8,077.51	\$ 3,638.16					\$ 11,715.67
Hazel Park		SUBTOTAL - SUPPORT SERVICES-INSTRUCTIONAL 220								\$ 71,574.07
Hazel Park	311.03	Parent Coordinators - Salaried (FTE/HOURS, SALARIES, BENEFITS)	0.12	\$ 2,460.80	\$ 1,116.32					\$ 3,577.12
		SUBTOTAL COMMUNITY SERVICES-DIRECTION 310								\$ 3,577.12
									GRAND TOTAL	\$ 702,899.95

5% ADMINISTRATION COSTS TOTAL: \$ -

\$ 702,899.95
 \$ 75,929.00
 \$ 778,828.95

FY 15 IFER Flowthrough #150450

Agency Name: Hazel Park, School District of the City of | Funding Source: Flowthrough IFER Year 1: 2014-2015 150450 |

Function Codes	Program Code	Professionals	Reimb. Aides	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000, 8000	Total Expenditures	Approved Budget Year 1	Approved Budget Total	Deviation Amount
111	Basic Programs â€” Elementary									\$0	\$0.00	\$0	\$0.00
112	Basic Programs â€” Middle/Junior High									\$0	\$0.00	\$0	\$0.00
113	Basic Programs â€” High School									\$0	\$0.00	\$0	\$0.00
122	AI									\$0	\$0.00	\$0	\$0.00
122	ECSEP									\$0	\$0.00	\$0	\$0.00
122	EI									\$0	\$0.00	\$0	\$0.00
122	HI									\$0	\$0.00	\$0	\$0.00
122	LD									\$0	\$0.00	\$0	\$0.00
122	LRE Aides									\$0	\$0.00	\$0	\$0.00
122	MiCI									\$0	\$0.00	\$0	\$0.00
122	MoCI									\$0	\$0.00	\$0	\$0.00
122	POHI									\$0	\$0.00	\$0	\$0.00
122	RR	\$7		\$470,274	\$273,637					\$743,911	\$752,525.00	\$752,525	\$8,614.00
122	SCI									\$0	\$0.00	\$0	\$0.00
122	SLI									\$0	\$0.00	\$0	\$0.00
122	SXI									\$0	\$0.00	\$0	\$0.00
122	VI									\$0	\$0.00	\$0	\$0.00
212	Support Services â€” Pupil â€” Guidance Services									\$0	\$0.00	\$0	\$0.00
213	HSN									\$0	\$0.00	\$0	\$0.00
214	PSY									\$0	\$0.00	\$0	\$0.00
215	SAS	\$2		\$105,878	\$56,827					\$162,705	\$154,092.00	\$154,092	\$8,613.00
216	SWS									\$0	\$0.00	\$0	\$0.00
217	VAP									\$0	\$0.00	\$0	\$0.00
218	ECSES									\$0	\$0.00	\$0	\$0.00
218	TCAI									\$0	\$0.00	\$0	\$0.00
218	TCEI									\$0	\$0.00	\$0	\$0.00
218	TCHI									\$0	\$0.00	\$0	\$0.00
218	TCLD									\$0	\$0.00	\$0	\$0.00
218	TCMI									\$0	\$0.00	\$0	\$0.00
218	TCPOHI									\$0	\$0.00	\$0	\$0.00
218	TCVI									\$0	\$0.00	\$0	\$0.00
219	OPSS									\$0	\$0.00	\$0	\$0.00
219	PE									\$0	\$0.00	\$0	\$0.00
221	II									\$0	\$0.00	\$0	\$0.00
226	Supervision and Direction									\$0	\$0.00	\$0	\$0.00

Attachment D

Hazel Park Schools Financial Audit 2014-2015			
Prepared by Buss & Company, P.C.			
Financial Statements Finding			
Finding Number	Finding Type	Program	Condition as written by auditor
2015-001	Material Weakness		The School District of the City of Hazel Park adopted a budget for the year ended June 30, 2015 with expenditures in excess of estimated revenues and available surplus and has expended funds in excess of their available resources. This is a recurring finding.
Federal Program Audit Findings			
2015-002	Material Weakness	Title 1, Part A	A significant amount of expenditures were reclassified from Title I that were ineligible for reimbursement.
2015-003	Material Weakness	Title 1, Part A	The District did not document its comparability status for the current and previous fiscal years.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: March 21, 2016

TO: Amy Kruppe, Superintendent
Rachel Noth, Board President

FROM: Paul G. Connors, Director of the Office of School Review and Fiscal
Accountability

SUBJECT: Interim Report – Hazel Park Schools

I. Background

On March 4, 2016 the Department of Treasury (the “Department”) initiated a Preliminary Review of the finances of Hazel Park Schools (the “District”) to determine whether or not a school district had probable financial stress. Pursuant to 2015 PA 110, section 4 (2) (b) (MCL 141.1544), the District is statutorily mandated to undergo a preliminary review of its finances to determine the existence of probable financial stress. In part, this section provides that the Department, as the State Financial Authority, shall conduct a preliminary review of any school district that is subject to a Deficit Elimination Plan (DEP) that provides for the elimination of deficit over a period exceeding 5 years.

Under 2015 PA 110, section 4 (3), the Department shall provide an interim report of its findings to the District within 20 days following the commencement of the preliminary review. The school district may provide comments within 5 days after the interim report is provided to the District. Thereafter, the Department shall prepare and provide a final report detailing its preliminary review to the Emergency Loan Board within 30 days following commencement of the preliminary review.

II. Interim Review Findings

The following are facts or circumstances determined by the Department that are indicative of probable financial stress pursuant to 2015 PA 110, section 4(1)(s):

- 1) The last approved DEP exceeds seven or more consecutive years (including the current year); and/or

Finding:

The District’s current DEP (attachment A) approved by the Michigan Department of Education on June 3, 2015 and extends 5 years through the 2019-2020 fiscal year.

The District does not meet this criteria.

- 2) The district's existing deficit is greater than 15% of general fund revenues; and/or

Finding:

The District's approved budget (attachment B) reflects total general fund revenues of \$40,136,376 for the 2015-2016 fiscal year. The District's total projected fund balance for 2015-16 is negative \$6,413,232 indicating their deficit is 16% of their total general fund revenues.

The District does meet this criteria.

- 3) A fiscal review by one of the Department's program offices or an external auditor has revealed one or more material internal control weaknesses as evidenced by notes/findings in the financial audit related to:
 - a) Lack of written policies and procedures or failure to follow the written policies and procedures
 - b) Immediate concerns with cash shortfalls in current fiscal year which may lead to additional financings or emergency loan
 - c) Excessive variances on Final Expenditure Reports (FER) for grants with federal funds
 - d) History of spending outside the appropriations established by the local school board in violation of Uniform Budgeting and Accounting Act (UBAA)
 - e) Significant audit findings and/or material weaknesses identified in the single audit; and

Finding:

- a) No deficiency noted.
- b) District is currently not anticipating a cash flow shortfall for FY 16.
- c) There are excessive variances on FER for grants with federal funds (attachment C).
- d) District has been in violation of the UBAA since 2007 when it began spending outside the appropriations established by its board adopted budget.
- e) The District received 3 audit findings for 2014-2015 year (attachment D):
 - 1 Material Weakness Financial Statements

- 2 Material Weakness Federal Awards

The District does meet this criteria.

- 4) The district has shown unsatisfactory progress in eliminating a deficit. This is determined by identifying one or more of the following conditions:
- a) A deficit increase is planned the future fiscal year
 - b) Lack of cooperation from the district in submitting deficit information (i.e., late submission of the DEP, delinquent return of phone calls or correspondence relating to the DEP, and chronic late submission of Monthly Budgetary Control Reports.)
 - c) History of supplying the Department with DEP information that is inaccurate or inconsistent with actual revenues and expenditures at year end; and/or

Finding:

- a) The District’s deficit is showing a decrease from (\$8M) in the 2014-2015 fiscal year to a projected (\$6.4M) in the 2015-2016 fiscal year. The Department and District will work on revised projections during the Enhanced Deficit Elimination Plan (EDEP) process.
- b) No deficiency noted.
- c) No deficiency noted.

The District does not meet this criteria.

Other Findings:

The District has experienced declining enrollment for the last 6 years. Future projections show an increase in enrollment, which contradict the enrollment trend. School of Choice is considered annually by the Board of Education.

School Fiscal Year	2010	2011	2012	2013	2014	2015
Student FTE	5,109.95	5,031.16	4,632.2	4,100.84	3,869.29	3,640.82

The District has five days to respond to these findings. Any comments the District would like to provide to the Department are due March 28, 2016. Please send documents and questions to Alistair Ritchie, at RitchieA@Michigan.gov or by phone (517)335-3247.

- cc: Vincent Gregory, State Senator, Michigan Senate
Robert Wittenberg, State Representative, Michigan House of Representatives
Beverly Hinton, Board Vice President, Hazel Park Schools
Sue Hemple, Board Secretary, Hazel Park Schools
Rose Mary Hammonds, Board Treasurer, Hazel Park Schools

Laura Adkins, Board Trustee, Hazel Park Schools
Sherrie Polowski, Board Trustee, Hazel Park Schools
Mr. Ricky Nagy, Board Trustee, Hazel Park Schools
Brian J Whiston, State Superintendent, MDE
Kyle Guarrant, Deputy Superintendent, Administrative Services, MDE
Dan Hanrahan, Director, State Aid and School Finances, MDE
Harlan Goodrich, Secretary, Local Emergency Financial Assistance Loan Board



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
STATE SUPERINTENDENT

June 3, 2015

Rick Repicky, Interim Superintendent
Rachel Noth, School Board President
Hazel Park Community Schools
1620 East Elza Avenue
Hazel Park, MI 48030

Dear Interim Superintendent Repicky and Board President Noth:

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

This plan is dependent upon the district's ability to convert certain short term debt to long term by November 1, 2015. If the district is unable to convert this debt, the DEP must be revised and submitted by November 15, 2015.

The DEP is also dependent upon projected membership growth. Therefore, it is critical that enrollment growth take place according to the schedule detailed in the DEP. The MDE expects that if the district is unable to realize projected revenue growth due to increased enrollment, it will institute expenditure reductions in order to maintain the deficit elimination schedule detailed in the plan.

This plan assumes that the per pupil foundation will increase in each year of the plan. If the foundation increase does not occur as detailed in the DEP, the MDE expects that the district will institute expenditure reductions in order to meet the fund balance targets in the plan.

The plan also assumes that financial incentives given to districts meeting certain criteria will continue each year. The Department expects that if the incentives are not offered, the district will institute expenditure reductions in order to meet the fund balance targets in the plan.

STATE BOARD OF EDUCATION

JOHN C. AUSTIN – PRESIDENT • CASANDRA E. ULBRICH – VICE PRESIDENT
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608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909
www.michigan.gov/mde • (517) 373-3324

The district 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 district is unable to convert certain short term debt to long term by November 1, 2015, the DEP must be revised and submitted by November 15, 2015.
- If the district is unable to achieve planned revenue growth due to increased enrollment, it will be expected to reduce expenditures in other categories in order to meet the fund balance targets detailed in this plan.
- The district is required to reduce projected expenditures in any year where the district's actual foundation is below the levels assumed in this plan.
- The district is required to reduce projected expenditures if the district does not receive the financial incentives assumed in this DEP.
- The district 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 district is required to submit any revisions made to the current year budget along with the corresponding board resolution adopting the revised budget. If the budget revision impacts the DEP, the DEP should be revised and submitted as well. Revisions must be submitted no later than one week after they are adopted by the board.
- The district is required to submit Monthly Budgetary Control Reports to the Department. Please use the tab labeled "Month1Summary2015" of the electronic DEP form used to prepare your DEP for this purpose.
- If a deficit continues to exist at fiscal year end 2015-16, the district 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.
- The district is required to submit its pupil count information no later than one week after the 2015-16 fall count.

The district has requested an additional five years to eliminate the deficit. Districts that require additional time to eliminate the deficit are subject to strict monitoring of their adherence to the plan. It is important, therefore, that the district implements the strategies included in the plan and submits monthly budgetary control reports on time. The approval of this plan should also be considered approval of your request for an extension of time to eliminate the deficit.

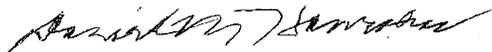
Rick Repicky
Rachel Noth
Page 3
June 3, 2015

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: Robert Moore, Deputy Superintendent, Finance and Operations, Oakland Schools
Beverly Hinton, Vice President, School Board of Education
Sue Hemple, Secretary, School Board of Education
Rose Mary Hammonds, Treasurer, School Board of Education
Laura Adkins, Trustee, School Board of Education
Sherrie Polowski, Trustee, School Board of Education
Vickie Markavitch, Superintendent, Oakland Schools
Kyle Guerrant, Deputy Superintendent, Michigan Department of Education
Jeff Kolb, Financial Specialist, Office of State Aid and School Finance
Local Audits Unit, Michigan Department of Treasury

**GENERAL APPROPRIATIONS RESOLUTION
FOR ADOPTION BY
THE BOARD OF EDUCATION OF
THE SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**

RESOLVED, that this resolution shall be the **General Fund** Appropriations Act of The School District of the City of Hazel Park for the fiscal year **2015/2016**: A resolution to make appropriations; and to provide for the disposition of all income received by The School District of the City of Hazel Park.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriation in the **General Fund** of the School District of the City of Hazel Park for fiscal year **2015/2016** be adopted as follows:

	6/22/15 Original Budget <u>2015/2016</u>	10/26/2015 Amended Budget <u>2015/2016</u>
<u>Revenue</u>		
Local	\$2,539,933	\$2,666,547
State	\$32,501,911	\$30,688,837
Federal	\$3,265,755	\$3,129,716
Incoming Transfers & Other Transaction	<u>\$13,151,276</u>	<u>\$3,651,276</u>
Total Revenue	\$51,458,875	\$40,136,376
Fund Balance (Deficit) July 1, 2015	(\$8,018,036)	
Revenue Appropriated to Fund Balance	\$0	
Estimated Fund Balance June 30, 2016	<u>(\$8,018,036)</u>	
Revenue Appropriated to Fund Balance	<u>\$0</u>	<u>\$0</u>
Total Available to Appropriate	<u>\$51,458,875</u>	<u>\$40,136,376</u>

BE IT FURTHER RESOLVED, that revenue from the proposed millage levy of 18.0000 mills on non-primary residency property and 6.0000 mills on commercial personal property be used for for operating purposes.

BE IT FURTHER RESOLVED, that \$38,531,572 in the **General Fund** is hereby appropriated in the amounts and for the purposes set forth below:

<u>Expenditures</u>	6/22/15 Original Budget <u>2015/2016</u>	10/26/2015 Amended Budget <u>2015/2016</u>
Instruction:		
Basic Programs	\$17,266,567	\$16,637,140
Added Needs	\$5,332,705	\$5,384,560
Adult and Continuing Education	\$405,613	\$447,644
Support Services:		
Pupil Support	\$2,316,919	\$2,223,665
Instructional Support	\$2,197,750	\$1,983,188
General Administration	\$809,420	\$620,405
School Administration	\$1,845,990	\$1,498,195
Business Support	\$1,674,337	\$1,345,102
Operations & Maintenance	\$3,885,379	\$3,719,519
Transportation	\$231,191	\$262,986
Central Support	\$707,072	\$811,562
Other Support	\$575,146	\$546,529
Community Services	\$140,445	\$10,198
Building Improvement Services		
Debt Services	\$525,000	\$33,000
Outgoing Transfers and Other Transactions	<u>\$3,007,879</u>	<u>\$3,007,879</u>
Total Appropriated	<u>\$40,921,413</u>	<u>\$38,531,572</u>
Impact on Fund Balance	<u>\$10,537,462</u>	<u>\$1,604,804</u>

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to this Appropriation Act as Adopted by the Board of Education.

BE IT FURTHER RESOLVED, that the Superintendent of Schools and his/her designee are hereby charged with the responsibility of preparing and presenting the proposed budget and executing the budgets adopted by the Board.

This Act is to take immediate effect.

**School District of the City of Hazel Park
General Fund Budget
Revenue and Expenditures by Function**

	<u>2013/2014</u>		<u>2014/2015</u>		<u>2015/2016</u>			
	<i>Final Actual</i>	<i>Actual %</i>	<i>Final Actual</i>	<i>Actual %</i>	<i>Original Budget</i>	<i>Proposed Amendment</i>	<i>Budget Change</i>	<i>%</i>
REVENUE:								
Local Revenue	\$3,195,811	8.2%	\$2,698,591	6.5%	\$2,539,933	\$2,666,547	\$126,614	6.6%
State Revenue	\$33,291,897	85.0%	\$32,139,951	77.6%	\$32,501,911	\$30,688,837	(\$1,813,074)	76.5%
Federal Revenue	\$2,464,775	6.3%	\$2,267,037	5.5%	\$3,265,755	\$3,129,716	(\$136,039)	7.8%
Transfers In & Other Financing Sources	\$215,084	0.5%	\$4,306,469	10.4%	\$13,151,276	\$3,651,276	(\$9,500,000)	9.1%
TOTAL REVENUE & OTHER SOURCES	\$39,167,568	100.0%	\$41,412,049	100.0%	\$51,458,875	\$40,136,376	(\$11,322,499)	100.0%
EXPENDITURES:								
INSTRUCTION:								
Basic Programs	\$21,137,160	51.0%	\$19,697,460	45.6%	\$17,266,567	\$16,637,140	(\$629,427)	43.2%
Added Needs	\$5,152,427	12.4%	\$5,530,224	12.8%	\$5,332,705	\$5,384,560	\$51,855	14.0%
Adult and Continuing Education	\$436,390	1.1%	\$450,647	1.0%	\$405,613	\$447,644	\$42,031	1.2%
TOTAL INSTRUCTION	\$26,725,977	64.5%	\$25,678,330	59.4%	\$23,004,885	\$22,469,344	(\$535,541)	58.3%
SUPPORT SERVICES:								
Pupil Support	\$2,347,804	5.7%	\$2,756,141	6.4%	\$2,316,919	\$2,223,665	(\$93,254)	5.8%
Instructional Staff Support	\$1,762,086	4.3%	\$1,686,307	3.9%	\$2,197,750	\$1,983,188	(\$214,562)	5.1%
General Administration	\$659,514	1.6%	\$793,668	1.8%	\$809,420	\$620,405	(\$189,015)	1.6%
School Administration	\$1,604,806	3.9%	\$1,603,735	3.7%	\$1,845,990	\$1,498,195	(\$347,795)	3.9%
Business Support	\$907,277	2.2%	\$1,036,749	2.4%	\$1,674,337	\$1,345,102	(\$329,235)	3.5%
Operations, Maintenance & Security	\$5,158,491	12.4%	\$4,806,962	11.1%	\$3,885,379	\$3,719,519	(\$165,860)	9.7%
Pupil Transportation Services	\$264,288	0.6%	\$287,599	0.7%	\$231,191	\$262,986	\$31,795	0.7%
Central Support	\$506,103	1.2%	\$619,067	1.4%	\$707,072	\$811,562	\$104,490	2.1%
Other Support	\$521,697	1.3%	\$522,946	1.2%	\$575,146	\$546,529	(\$28,617)	1.4%
TOTAL SUPPORT SERVICES	\$13,732,065	33.1%	\$14,113,173	32.6%	\$14,243,204	\$13,011,151	(\$1,232,053)	33.8%
COMMUNITY SERVICES	\$209,970	0.5%	\$232,940	0.5%	\$140,445	\$10,198	(\$130,247)	0.0%
BUILDING IMPROVEMENT SERVICES	\$0	0.0%	\$0	0.0%	\$0	\$0	\$0	0.0%
DEBT SERVICE	\$0	0.0%	\$33,000	0.1%	\$525,000	\$33,000	(\$492,000)	0.1%
OTHER FINANCING USES:								
Transfer to Center Program	\$0	0.0%	\$2,395,574	5.5%	\$2,465,000	\$2,465,000	\$0	6.4%
Transfer to Community Service Fund	\$1,766	0.0%	\$45,135	0.1%	\$0	\$0	\$0	0.0%
Transfer to Food Service Fund	\$185,903	0.4%	\$202,910	0.5%	\$0	\$0	\$0	0.0%
Transfer to Debt Service Fund	\$584,428	1.4%	\$537,078	1.2%	\$542,879	\$542,879	\$0	1.4%
Other Transactions	\$0	0.0%	\$0	0.0%	\$0	\$0	\$0	0.0%
TOTAL OTHER USES	\$772,097	1.9%	\$3,180,697	7.4%	\$3,007,879	\$3,007,879	\$0	7.8%
TOTAL EXPENDITURES & OTHER USES	\$41,440,110	100.0%	\$43,238,140	100.0%	\$40,921,413	\$38,531,572	(\$2,389,841)	100.0%
EXCESS (SHORTAGE) REVENUES OVER EXPENDITURES	(\$2,272,542)		(\$1,826,091)		\$10,537,462	\$1,604,804	(\$8,932,658)	
FUND BALANCE/(DEFICIT) - BEGINNING OF YEAR	(\$3,919,403)		(\$6,191,945)		(\$8,018,036)	(\$8,018,036)		
FUND BALANCE/(DEFICIT) - END OF YEAR	(\$6,191,945)		(\$8,018,036)		\$2,519,426	(\$6,413,232)		
FUND BALANCE AS PERCENT OF REVENUE	-15.8%		-19.4%		4.9%	-16.0%		
FUND BALANCE AS PERCENT OF EXPENDITURES	-14.9%		-18.5%		6.2%	-16.6%		

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 150520

Recipient Name: Hazel Park, School District of the City of
Grant Name: TITLE II PART A

CFDA: 84.367
Project Number: 1415
Revenue Code:
Project Start Date: 10/27/2014
Project End Date: 9/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$253,283.00
Project Paid:	\$38,915.74
Unexpended:	\$214,367.26

Project Contact: Megan Fuciarelli
Project Contact Phone: (248) 658-5238 ext.
Date Last Changed: 11/24/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var	
119 Basic Program - Summer School	\$88,390.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %	
221 Improvement of Instruction	\$142,697.00	\$0.00	\$0.00	\$37,609.77	\$155.75	\$0.00	\$0.00	\$37,765.52	-73.53 %	
283 Staff/Personnel Services	\$14,931.00	\$0.00	\$0.00	\$94.14	\$237.00	\$0.00	\$0.00	\$331.14	-97.78 %	
331 Community Activities	\$1,935.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %	
Sub-Total	\$247,953.00	\$0.00	\$0.00	\$37,703.91	\$392.75	\$0.00	\$0.00	\$38,096.66	-84.64 %	
Budget Indirect Cost (max 2.15%) \$5,330.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)						\$819.08		
Budget Total	\$253,283.00	Expend. Total						\$38,915.74		

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 150580

Recipient Name: Hazel Park, School District of the City of
Grant Name: Title III Limited English

CFDA: 84.365
Project Number: 1415
Revenue Code:
Project Start Date: 10/27/2014
Project End Date: 9/30/2015

Approved Amount:	\$84,992.00
Project Paid:	\$56,787.56
Unexpended:	\$28,204.44

Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Project Contact: Megan Fuciarelli
Project Contact Phone: (248) 658-5237 ext.
Date Last Changed: 11/24/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var	
125 Added Needs - Compensatory Education	\$84,992.00	\$39,815.17	\$16,972.39	\$0.00	\$0.00	\$0.00	\$0.00	\$56,787.56	-33.18 %	
Sub-Total	\$84,992.00	\$39,815.17	\$16,972.39	\$0.00	\$0.00	\$0.00	\$0.00	\$56,787.56	-33.18 %	
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)					\$0.00			
Budget Total	\$84,992.00							Expend. Total	\$56,787.56	

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151520

Recipient Name: Hazel Park, School District of the City of
Grant Name: ESEA Title I-2% Schoolwide Plan Grants

CFDA: 84.010
Project Number: 1415
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 9/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: 248-658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$3,000.00
Project Paid:	\$1,500.00
Unexpended:	\$1,500.00

Project Contact: Amy Kruppe
Project Contact Phone: 248-658-5200 ext.
Date Last Changed: 11/25/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var	
221 Improvement of Instruction	\$0.00	\$0.00	\$0.00	\$1,500.00	\$0.00	\$0.00	\$0.00	\$1,500.00	100.00 %	
Sub-Total	\$0.00	\$0.00	\$0.00	\$1,500.00	\$0.00	\$0.00	\$0.00	\$1,500.00	0.00 %	
Budget Indirect Cost (max 0%) \$0.00		Expend. Indirect Cost (: 0%; 1: 0%)						\$0.00		
Budget Total	\$0.00	Expend. Total						\$1,500.00		

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151700

Recipient Name: Hazel Park, School District of the City of
Grant Name: TITLE I PART D

CFDA: 84.010
Project Number: 1415
Revenue Code:
Project Start Date: 10/27/2014
Project End Date: 9/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$30,341.00
Project Paid:	\$3,737.85
Unexpended:	\$26,603.15

Project Contact: Kathy Borowicz
Project Contact Phone: (248) 658-5238 ext.
Date Last Changed: 11/25/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var	
125 Added Needs - Compensatory Education	\$6,041.00	\$0.00	\$0.00	\$0.00	\$3,737.85	\$0.00	\$0.00	\$3,737.85	-38.12 %	
225 Computer- Assisted Instruction	\$19,800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %	
227 Academic Student Assessment	\$4,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %	
Sub-Total	\$30,341.00	\$0.00	\$0.00	\$0.00	\$3,737.85	\$0.00	\$0.00	\$3,737.85	-87.68 %	
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)						\$0.00		
Budget Total	\$30,341.00	Expend. Total						\$3,737.85		

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151530

Recipient Name: Hazel Park, School District of the City of
Grant Name: Title I Part A

CFDA: 84.010
Project Number: 1415
Revenue Code:
Project Start Date: 10/27/2014
Project End Date: 9/30/2015

Approved Amount:	\$1,245,737.00
Project Paid:	\$912,377.34
Unexpended:	\$333,359.66

Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Mr. Brandon Reed
Status: Processed

Project Contact: Megan Fuciarelli
Project Contact Phone: (248) 658-5234 ext.
Date Last Changed: 12/22/2015

Reason for Reopening Report:

Please reopen as a 999 Audit FER for Audit Finding #2015-005 . The direct amount to be reduced is \$63,428.00. The indirect amount to be reduced is \$1,363.71 (New Indirect Amount is \$19,203.24). These funds are available. Date of request is 12/18/2015 by Judy Thelen, OFS.

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
119 Basic Program - Summer School	\$50,766.00	\$7,033.05	\$5,739.17	\$0.00	\$0.00	\$0.00	\$0.00	\$12,772.22	-74.84 %
125 Added Needs - Compensatory Education	\$1,115,041.00	\$470,120.81	\$271,087.49	\$3,106.57	\$150,096.11	\$0.00	\$0.00	\$894,410.98	-19.78 %
221 Improvement of Instruction	\$6,043.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
271 Pupil Transportation Services	\$23,955.00	\$0.00	\$0.00	\$23,955.00	\$0.00	\$0.00	\$0.00	\$23,955.00	0.00 %

Reporting Final Expenditures

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var	
331 Community Activities	\$23,149.00	\$0.00	\$0.00	\$0.00	\$25,463.90	\$0.00	\$0.00	\$25,463.90	10.00 %	
999 Disallowed Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$63,428.00)	(\$63,428.00)	100.00 %	
Sub-Total	\$1,218,954.00	\$477,153.86	\$276,826.66	\$27,061.57	\$175,560.01	\$0.00	(\$63,428.00)	\$893,174.10	-26.73 %	
Budget Indirect Cost (max 2.15%) \$26,207.00							Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)		\$19,203.24	
Budget Total	\$1,245,161.00						Expend. Total		\$912,377.34	

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151120

Recipient Name: Hazel Park, School District of the City of
Grant Name: Federal Adult Ed English Literacy Civics

CFDA: 84.002
Project Number: 155147
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 6/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$22,220.00
Project Paid:	\$21,999.83
Unexpended:	\$220.17

Project Contact: Michelle LaPorte
Project Contact Phone: (248) 658-5612 ext.
Date Last Changed: 8/1/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
131 Adult Continuing Education – Basic	\$21,399.00	\$14,941.87	\$6,527.26	\$0.00	\$0.00	\$0.00	\$0.00	\$21,469.13	0.32 %
227 Academic Student Assessment	\$821.00	\$0.00	\$0.00	\$211.26	\$319.44	\$0.00	\$0.00	\$530.70	-35.35 %
Sub-Total	\$22,220.00	\$14,941.87	\$6,527.26	\$211.26	\$319.44	\$0.00	\$0.00	\$21,999.83	-0.99 %
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)					\$0.00		
Budget Total	\$22,220.00							Expend. Total	\$21,999.83

LOCAL SHARE

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151190

Recipient Name: Hazel Park, School District of the City of
Grant Name: Federal Adult Education Institutional Programs

CFDA: 84.002
Project Number: 151147
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 6/30/2015

Approved Amount:	\$30,000.00
Project Paid:	\$30,000.00
Unexpended:	\$0.00

Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Project Contact: Michelle LaPorteq
Project Contact Phone: (248) 658-5612 ext.
Date Last Changed: 8/1/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
131 Adult Continuing Education – Basic	\$16,449.00	\$13,075.16	\$5,017.48	\$0.00	\$0.00	\$0.00	\$0.00	\$18,092.64	9.99 %
132 Adult Continuing Education – Secondary	\$7,352.00	\$2,268.46	\$4,884.46	\$0.00	\$0.00	\$0.00	\$0.00	\$7,152.92	-2.70 %
221 Improvement of Instruction	\$1,149.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
225 Computer-Assisted Instruction	\$4,400.00	\$0.00	\$0.00	\$4,400.00	\$0.00	\$0.00	\$0.00	\$4,400.00	0.00 %

Reporting Final Expenditures

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
227 Academic Student Assessment	\$650.00	\$0.00	\$0.00	\$0.00	\$354.44	\$0.00	\$0.00	\$354.44	-45.47 %
Sub-Total	\$30,000.00	\$15,343.62	\$9,901.94	\$4,400.00	\$354.44	\$0.00	\$0.00	\$30,000.00	0.00 %
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)						\$0.00	
Budget Total	\$30,000.00						Expend. Total		\$30,000.00

LOCAL SHARE								
Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.
Sub-Total								

Reporting Final Expenditures

Recipient Code: 63130
Grant Number: 151130

Recipient Name: Hazel Park, School District of the City of
Grant Name: Federal Adult Education ABE Instruction

CFDA: 84.002
Project Number: 151147
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 6/30/2015
Business Office Contact: Josie Petitta
Business Office Phone: (248) 658-5213 ext.
Last Changed By: Ms. josie petitta
Status: Processed

Approved Amount:	\$48,000.00
Project Paid:	\$48,000.00
Unexpended:	\$0.00

Project Contact: Michelle LaPorte
Project Contact Phone: (248) 658-5612 ext.
Date Last Changed: 8/1/2015

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
131 Adult Continuing Education – Basic	\$28,421.00	\$16,739.29	\$14,269.35	\$0.00	\$0.00	\$0.00	\$0.00	\$31,008.64	9.10 %
212 Support Services – Pupil – Guidance Services	\$8,693.00	\$6,631.00	\$2,062.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,693.00	0.00 %
222 Educational Media Services	\$2,137.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %
225 Computer-Assisted Instruction	\$7,795.00	\$0.00	\$0.00	\$7,795.00	\$0.00	\$0.00	\$0.00	\$7,795.00	0.00 %

Reporting Final Expenditures

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
227 Academic Student Assessment	\$954.00	\$0.00	\$0.00	\$0.00	\$503.36	\$0.00	\$0.00	\$503.36	-47.23 %
Sub-Total	\$48,000.00	\$23,370.29	\$16,331.35	\$7,795.00	\$503.36	\$0.00	\$0.00	\$48,000.00	0.00 %
Budget Indirect Cost (max 2.15%) \$0.00		Expend. Indirect Cost (2015: 2.15%; 2016: 2.6%)					\$0.00		
Budget Total	\$48,000.00						Expend. Total	\$48,000.00	

LOCAL SHARE								
Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.
Sub-Total								

GSRP PRESCHOOL FER 2014-15

*Counts against 5% administrative cap

Hazel Park	FUNC. CODE	DESCRIPTION	FTE/HOURS	SALARIES 1000	BENEFITS 2000	PURCHASED SERVICES 3000, 4000	SUPPLIES & MATERIALS 5000	CAPITAL OUTLAY (Over \$5,000 only) 6000	Other (Not to exceed \$100) EXPENSES 7000, 8000	TOTAL
Hazel Park	118.01	Teacher - Salaried (FTE/HOURS, SALARIES, BENEFITS)	7	\$ 269,177.31	\$ 103,891.91					\$ 373,069.22
Hazel Park	118.03	Associate Teacher - Salaried (FTE/HOURS, SALARIES, BENEFITS)	6	\$ 141,035.25	\$ 87,121.27					\$ 228,156.52
Hazel Park	118.07	Caregiver/Floater, etc. - Salaried (FTE/HOURS, SALARIES, BENEFITS)	0.5	\$ 4,595.71	\$ 6,764.03					\$ 11,359.74
Hazel Park	118.11	Substitutes - Contractual (PURCHASED SERVICES ONLY)				\$ 4,540.19				\$ 4,540.19
Hazel Park	118.21	Consumable teaching supplies					\$ 7,854.53			\$ 7,854.53
Hazel Park	118.22	Creative play materials/manipulatives					\$ 2,768.56			\$ 2,768.56
Hazel Park		SUBTOTAL BASIC PROGRAM - 110								\$ 627,748.76
Hazel Park	221.03	Off-site Conference Fees (including registration fees)				\$ 654.74				\$ 654.74
Hazel Park	226.03	Administrative Work by Direct Supervisor of GSRP Program - Salaried (FTE/HOURS, SALARIES, BENEFITS)	0.75	\$ 41,059.39	\$ 18,144.27					\$ 59,203.66
Hazel Park	226.05	Clerical Support to GSRP supervisor/director or Early Childhood Specialis: - Salaried (FTE/HOURS, SALARIES, BENEFITS)	0.25	\$ 8,077.51	\$ 3,638.16					\$ 11,715.67
Hazel Park		SUBTOTAL - SUPPORT SERVICES-INSTRUCTIONAL 220								\$ 71,574.07
Hazel Park	311.03	Parent Coordinators - Salaried (FTE/HOURS, SALARIES, BENEFITS)	0.12	\$ 2,460.80	\$ 1,116.32					\$ 3,577.12
		SUBTOTAL COMMUNITY SERVICES-DIRECTION 310								\$ 3,577.12
									GRAND TOTAL	\$ 702,899.95

5% ADMINISTRATION COSTS TOTAL: \$ -

\$ 702,899.95
 \$ 75,929.00
 \$ 778,828.95

FY 15 IFER Flowthrough #150450

Agency Name: Hazel Park, School District of the City of | Funding Source: Flowthrough IFER Year 1: 2014-2015 150450 |

Function Codes	Program Code	Professionals	Reimb. Aides	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000, 8000	Total Expenditures	Approved Budget Year 1	Approved Budget Total	Deviation Amount
111	Basic Programs â€” Elementary									\$0	\$0.00	\$0	\$0.00
112	Basic Programs â€” Middle/Junior High									\$0	\$0.00	\$0	\$0.00
113	Basic Programs â€” High School									\$0	\$0.00	\$0	\$0.00
122	AI									\$0	\$0.00	\$0	\$0.00
122	ECSEP									\$0	\$0.00	\$0	\$0.00
122	EI									\$0	\$0.00	\$0	\$0.00
122	HI									\$0	\$0.00	\$0	\$0.00
122	LD									\$0	\$0.00	\$0	\$0.00
122	LRE Aides									\$0	\$0.00	\$0	\$0.00
122	MiCI									\$0	\$0.00	\$0	\$0.00
122	MoCI									\$0	\$0.00	\$0	\$0.00
122	POHI									\$0	\$0.00	\$0	\$0.00
122	RR	\$7		\$470,274	\$273,637					\$743,911	\$752,525.00	\$752,525	\$8,614.00
122	SCI									\$0	\$0.00	\$0	\$0.00
122	SLI									\$0	\$0.00	\$0	\$0.00
122	SXI									\$0	\$0.00	\$0	\$0.00
122	VI									\$0	\$0.00	\$0	\$0.00
212	Support Services â€” Pupil â€” Guidance Services									\$0	\$0.00	\$0	\$0.00
213	HSN									\$0	\$0.00	\$0	\$0.00
214	PSY									\$0	\$0.00	\$0	\$0.00
215	SAS	\$2		\$105,878	\$56,827					\$162,705	\$154,092.00	\$154,092	\$8,613.00
216	SWS									\$0	\$0.00	\$0	\$0.00
217	VAP									\$0	\$0.00	\$0	\$0.00
218	ECSES									\$0	\$0.00	\$0	\$0.00
218	TCAI									\$0	\$0.00	\$0	\$0.00
218	TCEI									\$0	\$0.00	\$0	\$0.00
218	TCHI									\$0	\$0.00	\$0	\$0.00
218	TCLD									\$0	\$0.00	\$0	\$0.00
218	TCMI									\$0	\$0.00	\$0	\$0.00
218	TCPOHI									\$0	\$0.00	\$0	\$0.00
218	TCVI									\$0	\$0.00	\$0	\$0.00
219	OPSS									\$0	\$0.00	\$0	\$0.00
219	PE									\$0	\$0.00	\$0	\$0.00
221	II									\$0	\$0.00	\$0	\$0.00
226	Supervision and Direction									\$0	\$0.00	\$0	\$0.00

Hazel Park Schools Financial Audit 2014-2015			
Prepared by Buss & Company, P.C.			
Financial Statements Finding			
Finding Number	Finding Type	Program	Condition as written by auditor
2015-001	Material Weakness		The School District of the City of Hazel Park adopted a budget for the year ended June 30, 2015 with expenditures in excess of estimated revenues and available surplus and has expended funds in excess of their available resources. This is a recurring finding.
Federal Program Audit Findings			
2015-002	Material Weakness	Title 1, Part A	A significant amount of expenditures were reclassified from Title I that were ineligible for reimbursement.
2015-003	Material Weakness	Title 1, Part A	The District did not document its comparability status for the current and previous fiscal years.



Hazel Park School District

Educational Opportunities for All

Amy Kruppe, Ed.D.

Superintendent

Ford Administration

1620 E. Elza, Hazel Park, MI 48030 • Phone 248-658-5200 | Fax 248-544-5443

MEMORANDUM

March 28, 2016

To: Paul Connors, Director, Office of School Review and Fiscal Accountability,
Michigan Department of Treasury

From: Dr. Amy Kruppe, Superintendent
Rachel Noth, President, Board of Education

Subject: Response to Hazel Park Schools Interim Report

We are in receipt of the Department of Treasury's (Treasury) Interim Report dated March 21, 2016 prepared as part of your Preliminary Review of the finances of the School District of the City of Hazel Park (School District) to determine whether or not the School District had probable fiscal stress, pursuant to Public Act 110 of 2015. We provide our comments to your Interim Report herewith.

Interim Review Findings

We provide our comments to your Interim Review Findings of fact or circumstances that are indicative of probable financial stress, as follows:

1. *The last approved DEP exceeds seven or more consecutive years (including the current year).*

Finding: *The District's current DEP (attachment A) approved by the Michigan Department of Education on June 3, 2015 and extends 5 years through the 2019-2020 fiscal year. The District does not meet this criteria.*

Comment: The School District's current approved DEP covers the five-year period of 2014/2015 through June 30, 2020. Since the School District's original deficit was not completely eliminated within five years following the initial submission of the original Deficit Elimination Plan (DEP), the Treasury is required to complete the Preliminary Review process, as required by state statute.



2. *The district's existing deficit is greater than 15% of general fund revenues.*

Finding: *The District's approved budget reflects total general fund revenues of \$40,136,376 for the 2015-2016 fiscal year. The District's total projected fund balance for 2015-16 is negative \$6,413,232 indicating their deficit is 16% of their total general fund revenues.*

Comment: The Board of Education approved a second General Fund budget amendment on March 21, 2016 as shown in Attachment A. The projected fund balance deficit at June 30, 2016 is \$6,406,389, which reflects 16% of total budgeted revenue of \$39,626,659. The projected June 30, 2016 deficit reflects a reduction of \$1,611,647 from the \$8,018,036 deficit at June 30, 2015. The June 2015 fund balance deficit was 19% of revenue. The \$1,611,647 reduction in 2015/2016 represents a 20% reduction in the deficit in one year.

The Board of Education implemented over \$6 million of expenditure reductions for the 2015/2016 year, mostly through and salary reductions and workforce reductions, with all employee groups experiencing 9% reduction in total compensation on average. The workforce reductions represented over 15% of the School District's staff. Budgeted 2015/2016 expenditures of \$38,015,012 are \$5,223,128 less than the final 2014/2015 expenditures. These cost reduction measures are expected to continue into the 2016/2017 fiscal year and beyond. The School District is on track to eliminate the deficit by June 2020, through annual budget surpluses of \$1.6 million per year.

3. *A fiscal review by one of the Department's program offices or an external auditor has revealed one or more material internal control weaknesses as evidenced by notes/findings in the financial audit related to:*
 - a. *Lack of written policies and procedures or failure to follow the written policies and procedures.*

Finding: *No deficiency noted.*

Comment: The School District has developed and implemented new written business policies and procedures, including procedures for federal funds. Further, the Board of Education has updated and approved its Finance policies and the School District has implemented new Administrative Guidelines to those policies, using the NEOLA Policy Services templates.

- b. *Immediate concerns with cash shortfalls in current fiscal year which may lead to additional financing or emergency loan.*

Finding: *The District is currently not anticipating a cash flow shortfall for FY16.*

Comment: During the 2015/2016 year, the School District began closely monitoring cash flows through regular tracking of cash position. The School District currently has cash flows projected through August 2017, reconciled to the 2015/2016 budget and 2016/2017 budget forecast. The \$11.435 million State Aid Note (SAN) received in August 2015 through the Treasury's SAN program is anticipated to be sufficient to cover cash flows needs through August 2016. The School District anticipates participating in the Treasury's SAN program for the 2016/2017 year at a reduced rate, due to the deficit reduction taking place in 2015/2016.

- c. *Excessive variance on Final Expenditure Reports (FER) for grant with federal funds.*

Finding: *There are excessive variances on the FERs for grants with federal funds.*

Comment: The significant variances on the FERs for federal and state grant programs for the FY15 grant periods were the result of significant under-spending of grant funds. Approved budget for MDE grant programs were \$3,403,184.95 but final expenditures were \$2,723,001.27, leaving \$680,183.68 of grant fund unexpended.

The MDE grant programs for the FY15 grants are summarized below.

<u>Grant Program</u>	<u>Approved Budget</u>	<u>Final Expenditures</u>	<u>Variance-Unexpended Funds</u>
Title II Part A	\$253,283.00	\$38,915.74	\$214,367.26
Title III	\$84,992.00	\$56,787.56	\$28,204.44
Title I School-wide Planning	\$3,000.00	\$1,500.00	\$1,500.00
Title I Part D	\$30,341.00	\$3,737.85	\$26,603.15
Title I Part A	\$1,245,737.00	\$912,377.34	\$333,359.66
Adult Ed English Literacy Civics	\$22,220.00	\$21,999.83	\$220.17
Adult Ed Institutional Programs	\$30,000.00	\$30,000.00	\$0.00
Adult Ed ABE Instruction	\$48,000.00	\$48,000.00	\$0.00
GSRP	\$778,828.95	\$702,899.95	\$75,929.00
IDEA Flowthrough	\$906,783.00	\$906,783.00	\$0.00
Total	\$3,403,184.95	\$2,723,001.27	\$680,183.68

When finalizing the grant expenditures, we determined that a number of programs and initiatives (including staff costs) that were included in the approved grant budgets were not implemented during the grant year by the previous district administration, which resulted in under-spending for those programs.

The unexpended FY15 grant funds have been rolled into the FY16 grants as carryover funds, and the School District has budgeted to spend 100% of the

total available grant funds during the grant year. We anticipate having minimal unspent funds at the end of the FY16 grant period. Further, the grant accounting and implementation is being closely monitored by School District staff with extensive grant administration experience to ensure that the budgeted grant programs are implemented with fidelity.

- d. *History of spending outside the appropriations established by the local school board in violation of Uniform Budgeting and Accounting Act (UBAA).*

Finding: *District has been in violation of the UBAA since 2007 when it began spending outside the appropriations established by its board adopted budget.*

Comment: Due to the School District's deficit fund balance, UBAA violations will continue until the deficit is eliminated by June 2020, in accordance with the approved DEP. The School District has a budget surplus expected for 2015/2016, which will reduce the deficit by 20% by June 30, 2016. Further, the School District will continue to closely monitor spending within budgetary limits, as required by the UBAA.

- e. *Significant audit findings and/or material weaknesses identified in the single audit.*

Finding: *The District received 3 audit findings for 2014-2015 year: 1 Material Weakness Financial Statements and 2 Material Weakness Federal Awards.*

Comment: The Financial Statement Material Weakness (Finding #2015-001) was attributed to the UBAA violation noted in item d above, which will continue until June 2020 when the School District expects to be out of deficit. One of the two Federal Award Material Weaknesses was attributed to significant expenditures reclassified from Title I that were ineligible for reimbursement (2015-002). The School District has implemented new oversight and budgetary procedures in 2015/2016 for federal grant programs to ensure that only allowable costs are charged to the grant programs. The second Federal Award Material Weakness was related to non-compliance with filing the annual Title I Comparability Report in 2014/2015. The School District complies with this requirement in 2015/2016, as the report was timely filed with MDE.

The School District recently changed audit firms and has contracted with Plante Moran for these services for the next three years, minimally. School District finance staff is working closely with Plante Moran auditors to ensure that appropriate internal controls are in place and maintained to mitigate and minimize future internal control deficiencies.

- 4. *The district has shown unsatisfactory progress in eliminating a deficit. This is determined by identifying one or more of the following conditions:*

- a. *A deficit increase is planned the future fiscal year.*

Finding: *The District's deficit is showing a decrease from (\$8M) in the 2014-2015 fiscal year to a projected (\$6.4M) in the 2015-2016 fiscal year. The Department and District will work on revised projections during the Enhanced Deficit Elimination Plan (EDEP) process.*

Comment: As previously stated, the School District continues to focus on eliminating the fund balance deficit by June 2020, minimally at the rate of an average of \$1.6 million annually, in conjunction with the Treasury through the development and implementation of the EDEP process in the coming months.

- b. *Lack of cooperation from the district in submitting deficit information (i.e., late submission of the DEP, delinquent return of phone calls or correspondence relating to the DEP, and chronic late submission of Monthly Budgetary Control Reports.)*

Finding: *No deficiency noted.*

Comment: The School District resumed the submission of monthly DEP Budgetary Control Reports to MDE beginning with the approval of the DEP in June 2015. Beginning with the monthly reports in August 2015, the School District began submitting the required DEP reports to Treasury, due to the shift of oversight of the School District's deficit to Treasury. Beginning with report for the month of November, 2015, filed in December, 2015, the School District provided the Monthly Budgetary Control Report, along with monthly Function Level Budget to Actual Financial Statement and General Fund Cash Flows Projections. The School District will continue to file these reports timely, as required.

- c. *History of supplying the Department with DEP information that is inaccurate or inconsistent with actual revenues and expenditures at year end.*

Finding: *No deficiency noted.*

Comment: The School District has taken great strides over the past year in providing accurate budgeting and financial reporting. The Board receives and accepts monthly financial reports that provide information on cash balances, cash receipts, cash disbursements, electronic fund transfers in and out, and monthly budget/actual financial statements for all funds. This information is also provided to the community on the School District's budget transparency page via Munetrix at:
<http://www.munetrix.com/Michigan/Schools/GDR/Oakland-Schools/District/Hazel-Park-School-District>.

Other Findings:

The District has experienced declining enrollment for the last 6 years. Future projections show an increase in enrollment, which contradict the enrollment trend. School of Choice is considered annually by the Board of Education.

School Fiscal Year	2010	2011	2012	2013	2014	2015
Student FTE	5,109.95	5,031.16	4,632.2	4,100.84	3,869.29	3,640.82

Comment: The School District has experienced declines in enrollment over the past several years, with a 9.7% decrease from fall 2014 to fall 2015 (353.35 FTE). However, 210 students, nearly all non-resident students, were enrolled in a vendor alternative education program that was discontinued in the fall 2015 when the vendor terminated the contract in July 2015. Excluding this unexpected discontinued vendor program, the enrollment decline was 143 students, or 3.9%.

The School District’s current draft projections show a 4% enrollment decline for the fall of 2016, which is consistent with the actual decline experienced from 2014, when factoring out the vendor program. The draft projections call for flat enrollment for the fall count in 2017 and 2018, and slight 1% increase for the fall counts in 2019 and 2020, as shown in the chart below:

Fall Count	2016	2017	2018	2019	2020
Student FTE	3,156.40	3,156.40	3,156.40	3,187.96	3,219.84
Increase/ (Decrease)	4%	0%	0%	1%	1%

A key factor in the School District’s enrollment projections is predicated on the outcome and possible impact of current proposed legislation for the Detroit Public Schools (DPS). DPS is contiguous to the School District, as it is located along the School District’s southern border. Of specific concern is the possible enrollment impact resulting from the proposed Education Commission’s authority to recommend “Priority Zones” of “those geographic areas where there is an extraordinary need for the siting of new public schools to serve residents of those areas (Section 391, Subsection 3, SB 710, as passed by the Michigan Senate on March 22, 2016).” The School District currently enrolls 133 students who reside in the DPS boundaries. The School District will continue to conservatively project enrollment until the DPS legislation is resolved.

The School District continues to provide opportunities for non-resident students through both Section 105 and 105c Schools of Choice. In 2015/2016, the School District expanded Schools of Choice to all grade levels with unlimited openings available, for both the fall 2015 and for second semester of the 2015/2016 school year. It plans to continue to offer future Choice opportunities for students, and has recently received approval from MDE to expand the Choice election period for the 2016/2017 year.

The School District will work closely with Treasury officials to finalize enrollment projections when working through the EDEP process in the coming months.

General Comments

The School District has taken aggressive steps over the past year to set a solid course for financial turnaround over the past year. The results of the 2013/2014 fiscal year audit showed the School District's deficit nearly doubling to \$6.2 million, and the Board of Education took immediate action, and made over \$6 million of expenditure reductions for the 2015/2016 year, mostly through and salary reductions and workforce reductions, with the assistance of Oakland Schools leadership team. In March 2015, new collective bargaining agreements were negotiated with all employee groups that called for compensation reductions averaging 9% among all groups. Further, the Board reduced the School District's workforce by over 125 positions, which represented over 15% of the School District's staff. These aggressive cuts set a clear course for deficit elimination by June 2020.

In addition to cost containment measures and reductions, the Board replaced several key central office administrative positions including the Superintendent and School Business Official positions which were vacated in early 2015. An Interim Superintendent was in place from March to June 2015, and Superintendent Dr. Amy Kruppe was hired in July 2015. Dr. Kruppe is an experienced Superintendent and long-time central office administrator with experience in financial and academic district turnarounds. Furthermore, the Board contracted with Oakland Schools for two business official positions in March 2015, and later amended the agreement to include all business services staff. The School District's Assistant Superintendent of Business & Operations and Finance Manager both possess extensive successful local school district finance experience.

Finally, the School District is committed to ongoing transparency and openness throughout the deficit elimination process. The School District's administration provides the Board of Education with regular updates on the incremental progress being made. The School District has significantly improved its budgeting processes both in quality and frequency, and regular monthly financial reporting is provided to the Board and community with budget and actual results for all school district funds. The School District began utilizing the Munetrix data reporting tool and has greatly expanded budget transparency reporting on its website during the 2015/2016 year.

The Hazel Park community has been very supportive of the significant administrative and financial changes that have taken place over the past year, and have provided very positive feedback to Board Members and staff on their efforts and progress made in the School District's turnaround. We are confident that the significant measures taken along with an ongoing commitment by the Board, community, and dedicated and highly qualified staff will eliminate the deficit and return the School District to fiscal stability.

**GENERAL APPROPRIATIONS RESOLUTION
FOR ADOPTION BY
THE BOARD OF EDUCATION OF
THE SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**

RESOLVED, that this resolution shall be the **General Fund** Appropriations Act of The School District of the City of Hazel Park for the fiscal year **2015/2016**: A resolution to make appropriations; and to provide for the disposition of all income received by The School District of the City of Hazel Park.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriation in the **General Fund** of the School District of the City of Hazel Park for the fiscal year **2015/2016** be adopted as follows:

	6/22/15 Original Budget <u>2015/2016</u>	10/26/2015 First Amendment <u>2015/2016</u>	3/21/2016 Second Amendment <u>2015/2016</u>
<u>Revenue</u>			
Local	\$2,539,933	\$2,666,547	\$2,746,023
State	\$32,501,911	\$30,688,837	\$30,156,968
Federal	\$3,265,755	\$3,129,716	\$3,303,851
Incoming Transfers & Other Transaction	<u>\$13,151,276</u>	<u>\$3,651,276</u>	<u>\$3,419,817</u>
Total Revenue	<u>\$51,458,875</u>	<u>\$40,136,376</u>	<u>\$39,626,659</u>
Fund Balance Available to Appropriate	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Available to Appropriate	<u>\$51,458,875</u>	<u>\$40,136,376</u>	<u>\$39,626,659</u>

BE IT FURTHER RESOLVED, that revenue from the proposed millage levy of 18.0000 mills on non-primary residency property and 6.0000 mills on commercial personal property be used for operating purposes.

BE IT FURTHER RESOLVED, that \$38,015,012 in the **General Fund** is hereby appropriated in the amounts and for the purposes set forth below:

<u>Expenditures</u>	<u>6/22/15 Original Budget 2015/2016</u>	<u>10/26/2015 First Amendment 2015/2016</u>	<u>3/21/2016 Second Amendment 2015/2016</u>
Instruction:			
Basic Programs	\$17,266,567	\$16,637,140	\$16,800,052
Added Needs	\$5,332,705	\$5,384,560	\$5,060,069
Adult and Continuing Education	\$405,613	\$447,644	\$409,954
Support Services:			
Pupil Support	\$2,316,919	\$2,223,665	\$2,200,465
Instructional Support	\$2,197,750	\$1,983,188	\$1,791,828
General Administration	\$809,420	\$620,405	\$665,195
School Administration	\$1,845,990	\$1,498,195	\$1,409,365
Business Support	\$1,674,337	\$1,345,102	\$1,352,099
Operations & Maintenance	\$3,885,379	\$3,719,519	\$3,605,070
Transportation	\$231,191	\$262,986	\$318,097
Central Support	\$707,072	\$811,562	\$807,128
Other Support	\$575,146	\$546,529	\$543,360
Community Services	\$140,445	\$10,198	\$11,451
Building Improvement Services			
Debt Services	\$525,000	\$33,000	\$33,000
Outgoing Transfers and Other Transactions	<u>\$3,007,879</u>	<u>\$3,007,879</u>	<u>\$3,007,879</u>
Total Appropriated	<u>\$40,921,413</u>	<u>\$38,531,572</u>	<u>\$38,015,012</u>
Impact on Fund Balance	<u>\$10,537,462</u>	<u>\$1,604,804</u>	<u>\$1,611,647</u>

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to this Appropriation Act as Adopted by the Board of Education.

BE IT FURTHER RESOLVED, that the Superintendent of Schools and his/her designee are hereby charged with the responsibility of preparing and presenting the proposed budget and executing the budgets adopted by the Board.

This Act is to take immediate effect.

**School District of the City of Hazel Park
General Fund Budget
Revenue and Expenditures by Function**

	<u>2014/2015</u>		<u>2015/2016</u>				<u>% of Total</u>
	<u>Final Actual</u>	<u>Actual %</u>	<u>Original Budget</u>	<u>First Amendment</u>	<u>Second Amendment</u>	<u>Budget Change</u>	
REVENUE:							
Local Revenue	\$2,698,591	6.5%	\$2,539,933	\$2,666,547	\$2,746,023	\$79,476	6.9%
State Revenue	\$32,139,951	77.6%	\$32,501,911	\$30,688,837	\$30,156,968	(\$531,869)	76.1%
Federal Revenue	\$2,267,037	5.5%	\$3,265,755	\$3,129,716	\$3,303,851	\$174,135	8.3%
Transfers In & Other Financing Sources	\$4,306,469	10.4%	\$13,151,276	\$3,651,276	\$3,419,817	(\$231,459)	8.6%
TOTAL REVENUE & OTHER SOURCES	\$41,412,049	100.0%	\$51,458,875	\$40,136,376	\$39,626,659	(\$509,717)	100.0%
EXPENDITURES:							
INSTRUCTION:							
Basic Programs	\$19,697,460	45.6%	\$17,266,567	\$16,637,140	\$16,800,052	\$162,912	44.2%
Added Needs	\$5,530,224	12.8%	\$5,332,705	\$5,384,560	\$5,060,069	(\$324,491)	13.3%
Adult and Continuing Education	\$450,647	1.0%	\$405,613	\$447,644	\$409,954	(\$37,690)	1.1%
TOTAL INSTRUCTION	\$25,678,330	59.4%	\$23,004,885	\$22,469,344	\$22,270,075	(\$199,269)	58.6%
SUPPORT SERVICES:							
Pupil Support	\$2,756,141	6.4%	\$2,316,919	\$2,223,665	\$2,200,465	(\$23,200)	5.8%
Instructional Staff Support	\$1,686,307	3.9%	\$2,197,750	\$1,983,188	\$1,791,828	(\$191,360)	4.7%
General Administration	\$793,668	1.8%	\$809,420	\$620,405	\$665,195	\$44,790	1.7%
School Administration	\$1,603,735	3.7%	\$1,845,990	\$1,498,195	\$1,409,365	(\$88,830)	3.7%
Business Support	\$1,036,749	2.4%	\$1,674,337	\$1,345,102	\$1,352,099	\$6,997	3.6%
Operations, Maintenance & Security	\$4,806,962	11.1%	\$3,885,379	\$3,719,519	\$3,605,070	(\$114,449)	9.5%
Pupil Transportation Services	\$287,599	0.7%	\$231,191	\$262,986	\$318,097	\$55,111	0.8%
Central Support	\$619,067	1.4%	\$707,072	\$811,562	\$807,128	(\$4,434)	2.1%
Other Support	\$522,946	1.2%	\$575,146	\$546,529	\$543,360	(\$3,169)	1.4%
TOTAL SUPPORT SERVICES	\$14,113,173	32.6%	\$14,243,204	\$13,011,151	\$12,692,607	(\$318,544)	33.4%
COMMUNITY SERVICES	\$232,940	0.5%	\$140,445	\$10,198	\$11,451	\$1,253	0.0%
BUILDING IMPROVEMENT SERVICES	\$0	0.0%	\$0	\$0	\$0	\$0	0.0%
DEBT SERVICE	\$33,000	0.1%	\$525,000	\$33,000	\$33,000	\$0	0.1%
OTHER FINANCING USES:							
Transfer to Center Program	\$2,395,574	5.5%	\$2,465,000	\$2,465,000	\$2,465,000	\$0	6.5%
Transfer to Community Service Fund	\$45,135	0.1%	\$0	\$0	\$0	\$0	0.0%
Transfer to Food Service Fund	\$202,910	0.5%	\$0	\$0	\$0	\$0	0.0%
Transfer to Debt Service Fund	\$537,078	1.2%	\$542,879	\$542,879	\$542,879	\$0	1.4%
Other Transactions	\$0	0.0%	\$0	\$0	\$0	\$0	0.0%
TOTAL OTHER USES	\$3,180,697	7.4%	\$3,007,879	\$3,007,879	\$3,007,879	\$0	7.9%
TOTAL EXPENDITURES & OTHER USES	\$43,238,140	100.0%	\$40,921,413	\$38,531,572	\$38,015,012	(\$516,560)	100.0%
EXCESS (SHORTAGE) REVENUES OVER EXPENDITURES	(\$1,826,091)		\$10,537,462	\$1,604,804	\$1,611,647	\$6,843	
FUND BALANCE/(DEFICIT) - BEGINNING OF YEAR	(\$6,191,945)		(\$8,018,036)	(\$8,018,036)	(\$8,018,036)		
FUND BALANCE/(DEFICIT) - END OF YEAR	(\$8,018,036)		\$2,519,426	(\$6,413,232)	(\$6,406,389)		
FUND BALANCE AS PERCENT OF REVENUE	-19.4%		4.9%	-16.0%	-16.2%		
FUND BALANCE AS PERCENT OF EXPENDITURES	-18.5%		6.2%	-16.6%	-16.9%		