



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 – Beecher Community School District

I. Background

On March 4, 2016 the Department of Treasury (the “Department”) initiated a Preliminary Review of the finances of Beecher Community School District (the “District”) to determine whether or not a school district had probable financial stress. Pursuant to 2015 PA 110, section 4 (1)(s) (MCL 141.1544), the District is 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 experiences circumstances that are indicative of probable financial stress.

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 DEP (attachment A) 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 \$13,291,392 for the 2015-2016 fiscal year. The District’s total projected fund balance for 2015-16 is negative \$2,001,569 indicating their deficit is 15% of their total general fund revenues.

The District does not 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 2013 when it began spending outside the appropriations established by its board adopted budget.
- e) The District received 1 audit findings for 2014-2015 year (attachment D):
 - 1 Material Noncompliance Financial Statements.

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, 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 is showing an increase in deficit for the 2015-2016 fiscal year.
- b) Deficiency noted. Lack of timely submission of financial documentation.
- c) No deficiency noted.

The District does meet this criteria.

Other Findings:

The District has contracted their business office responsibilities through Genesee ISD.

Enrollment has declined over a six year period.

School Fiscal Year	2010	2011	2012	2013	2014	2015
Student FTE	1,689.79	1,538.77	1,490.32	1,339.34	1,297.02	1,049.21

Attachment A

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	Account	Preliminary Actual 2014-15	Budgeted 2015-16	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2016-17	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2017-18	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2018-19	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2019-20	Yearly Increase (Decrease)	% Increase (Decrease)
1	Beginning Fund Equity:	(\$988,529)	(\$1,822,400)			(\$2,001,569)			(\$1,600,127)			(\$1,191,015)			(\$795,485)		
2	Add: Revenues																
3	11x Local Sources	\$951,465	\$895,453	(\$56,012)	-5.89%	\$882,671	(\$12,782)	-1.43%	\$882,671	\$0	0.00%	\$882,671	\$0	0.00%	\$882,671	\$0	0.00%
4	51x Local Rec'd Thru Another Public Sch.	\$59,629	\$59,632	\$3	0.01%	\$59,632	\$0	0.00%	\$59,632	\$0	0.00%	\$59,632	\$0	0.00%	\$59,632	\$0	0.00%
5	2xx Other Political Sub.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
6	3xx State Sources	\$8,944,034	\$8,446,571	(\$497,463)	-5.56%	\$8,243,627	(\$202,944)	-2.40%	\$8,049,852	(\$193,775)	-2.35%	\$7,861,270	(\$188,582)	-2.34%	\$7,861,270	\$0	0.00%
7	4xx Federal Sources	\$3,255,705	\$3,884,936	\$629,231	19.33%	\$3,418,261	(\$466,675)	-12.01%	\$3,418,261	\$0	0.00%	\$3,418,261	\$0	0.00%	\$3,418,261	\$0	0.00%
8	52x-6xx Incoming Transfers & Other	\$4,793	\$4,800	\$7	0.15%	\$4,800	\$0	0.00%	\$4,800	\$0	0.00%	\$4,800	\$0	0.00%	\$4,800	\$0	0.00%
9	TOTAL REVENUES, ETC.	\$13,215,626	\$13,291,392	\$75,766	0.57%	\$12,608,991	(\$682,401)	-5.13%	\$12,415,216	(\$193,775)	-1.54%	\$12,226,634	(\$188,582)	-1.52%	\$12,226,634	\$0	0.00%
10	TOTAL RESOURCES AVAILABLE	\$12,227,097	\$11,468,992	(\$758,105)	-6.20%	\$10,607,422	(\$861,570)	-7.51%	\$10,815,089	\$207,667	1.96%	\$11,035,619	\$220,530	2.04%	\$11,431,149	\$395,530	3.58%
11	Less: Expenditures																
12	1xx Classroom Inst.	\$6,824,170	\$6,390,928	(\$433,242)	-6.35%	\$6,021,490	(\$369,438)	-5.78%	\$5,996,490	(\$25,000)	-0.42%	\$5,996,490	\$0	0.00%	\$5,846,490	(\$150,000)	-2.50%
13	Support Services:																
14	21x Pupil	\$1,013,463	\$952,707	(\$60,756)	-5.99%	\$855,157	(\$97,550)	-10.24%	\$855,157	\$0	0.00%	\$830,157	(\$25,000)	-2.92%	\$780,157	(\$50,000)	-6.02%
15	22x Inst. Staff	\$1,237,344	\$1,428,351	\$191,007	15.44%	\$1,134,972	(\$293,379)	-20.54%	\$1,109,972	(\$25,000)	-2.20%	\$1,084,972	(\$25,000)	-2.25%	\$1,034,972	(\$50,000)	-4.61%
16	23x Gen. Adm.	\$383,506	\$408,010	\$24,504	6.39%	\$409,526	\$1,516	0.37%	\$409,526	\$0	0.00%	\$409,526	\$0	0.00%	\$409,526	\$0	0.00%
17	24x Sch. Adm.	\$898,283	\$732,596	(\$165,687)	-18.44%	\$523,133	(\$209,463)	-28.59%	\$523,133	\$0	0.00%	\$523,133	\$0	0.00%	\$523,133	\$0	0.00%
18	25x Business	\$113,488	\$98,250	(\$15,238)	-13.43%	\$98,250	\$0	0.00%	\$98,250	\$0	0.00%	\$98,250	\$0	0.00%	\$98,250	\$0	0.00%
19	26x Operation & Maintenance	\$2,150,715	\$1,954,981	(\$195,734)	-9.10%	\$1,685,839	(\$269,142)	-13.77%	\$1,635,839	(\$50,000)	-2.97%	\$1,585,839	(\$50,000)	-3.06%	\$1,525,839	(\$60,000)	-3.78%
20	27x Transportation	\$421,298	\$499,035	\$77,737	18.45%	\$476,281	(\$22,754)	-4.56%	\$451,281	(\$25,000)	-5.25%	\$426,281	(\$25,000)	-5.54%	\$401,281	(\$25,000)	-5.86%
21	28x Central	\$328,578	\$344,111	\$15,533	4.73%	\$293,609	(\$50,502)	-14.68%	\$268,609	(\$25,000)	-8.51%	\$243,609	(\$25,000)	-9.31%	\$218,609	(\$25,000)	-10.26%
22	29x Other	\$334,907	\$301,091	(\$33,816)	-10.10%	\$285,650	(\$15,441)	-5.13%	\$285,650	\$0	0.00%	\$285,650	\$0	0.00%	\$260,650	(\$25,000)	-8.75%
23	3xx Community Services	\$211,805	\$233,645	\$21,840	10.31%	\$233,112	(\$533)	-0.23%	\$233,112	\$0	0.00%	\$233,112	\$0	0.00%	\$208,112	(\$25,000)	-10.72%
24	41,42,43 Outgoing Transfers	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
25	45x Facilities Acq	\$0	\$12,771	\$12,771	100.00%	\$76,445	\$63,674	498.58%	\$25,000	(\$51,445)	-67.30%	\$0	(\$25,000)	-100.00%	\$0	\$0	0.00%
26	51x Debt Service	\$114,085	\$114,085	\$0	0.00%	\$114,085	\$0	0.00%	\$114,085	\$0	0.00%	\$114,085	\$0	0.00%	\$114,085	\$0	0.00%
27	6xx Fund Modifications	\$17,855	\$0	(\$17,855)	-100.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
28	TOTAL EXP. & OUTGOING TRANSFER	\$14,049,497	\$13,470,561	(\$578,936)	-4.12%	\$12,207,549	(\$1,263,012)	-9.38%	\$12,006,104	(\$201,445)	-1.65%	\$11,831,104	(\$175,000)	-1.46%	\$11,421,104	(\$410,000)	-3.47%
29	ENDING FUND BALANCE	(\$1,822,400)	(\$2,001,569)	(\$179,169)	9.83%	(\$1,600,127)	\$401,442	-20.06%	(\$1,191,015)	\$409,112	-25.57%	(\$795,485)	\$395,530	-33.21%	\$10,045	\$805,530	-101.26%

Notes:

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Attachment B

RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE BEECHER COMMUNITY SCHOOL DISTRICT

BE IT RESOLVED, that the total revenues, and unappropriated fund balance estimated to be available for appropriations in the general fund of the Beecher Community School District for fiscal year 2015-2016 which includes 6 mills of ad valorem taxes to be levied on commercial personal property and 18 mills of ad valorem taxes to be levied on non-homestead and non-qualified agricultural property to be used for operating purposes and 7.26 mills to be levied on all properties for debt retirement be adopted as follows:

REVENUE

Local Sources	\$	895,453	
State Sources	\$	8,446,571	
Federal Sources	\$	3,884,936	
Other Financing Sources	\$	59,632	
Fund Modifications	\$	4,800	
Total Revenue	\$	13,291,392	
Fund Balance, July 1 Available to Appropriate	\$	(1,822,400)	
Total Available to Appropriate	\$	11,468,992	

BE IT FURTHER RESOLVED, that \$ 13,470,561 of the total available to appropriate in the general fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Instruction			
Basic Programs	\$	4,151,167	
Added Needs	\$	2,182,103	
Adult/Continuing Education	\$	57,658	
Support Services			
Pupil Support	\$	952,707	
Instructional Staff Support	\$	1,428,351	
General Administration	\$	408,010	
School Administration	\$	732,596	
Business Services	\$	98,250	
Operations and Maintenance	\$	1,954,981	
Transportation	\$	499,035	
Central	\$	344,111	
Other	\$	301,091	
Community Services	\$	233,645	
Facilities Acquisition/Construction Services	\$	12,771	
Other Financing Uses	\$	114,085	
Total Appropriated			\$ 13,470,561

Projected June 30, 2016 Fund Balance is (\$2,001,569).

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the Food Service Fund of the Beecher Community School District for fiscal year 2015-2016 be adopted as follows:

REVENUE

Local Sources	\$	44,000	
State Sources	\$	27,287	
Federal Sources	\$	644,216	
Transfer from General Fund			
Total Revenue	\$		715,503
Fund Balance, July 1 Available to Appropriate	\$		61,306
Total Available to Appropriate	\$		776,809

BE IT FURTHER RESOLVED, that \$743,670 of the total available to appropriate in the Food Service Fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Food Service Operations	\$	743,670	
Total Appropriated	\$		743,670

Projected June 30, 2016 Fund Balance is \$ 33,139.

BE IT FURTHER RESOLVED, that the Board of Education hereby commits this fund's fund balance;

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the 2007 Bonds Capital Projects Fund of the Beecher Community School District for fiscal year 2015-2016 be adopted as follows:

REVENUE

Earnings on Investments/Deposits	\$	4	
Total Revenue	\$		4
Fund Balance, July 1 Available to Appropriate	\$		15,714
Total Available to Appropriate	\$		15,718

BE IT FURTHER RESOLVED, that \$15,718 of the total available to appropriate in the 2007 Bonds Capital Projects Fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Renovations and Replacements	\$	15,718
Total Appropriated	\$	15,718

Projected June 30, 2016 Fund Balance is \$0.

BE IT FURTHER RESOLVED, that the Board of Education hereby commits this fund's fund balance;

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the 2013 Bonds Capital Projects Fund of the Beecher Community School District for fiscal year 2015-2016 be adopted as follows:

REVENUE

Earnings on Investments/Deposits	\$	-
Total Revenue	\$	-
Fund Balance, July 1 Available to Appropriate	\$	22,839
Total Available to Appropriate	\$	22,839

BE IT FURTHER RESOLVED, that \$ 22,839 of the total available to appropriate in the 2013 Bonds Capital Projects Fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Renovations and Replacements	\$	22,839
Total Appropriated	\$	22,839

Projected June 30, 2016 Fund Balance is \$ 0.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the 2015 Bonds Capital Projects Fund of the Beecher Community School District for fiscal year 2015-2016 be adopted as follows:

REVENUE

Bond Proceeds	\$	300,000	
Earnings on Investments/Deposits	\$	45	
Total Revenue			\$ 300,045
Fund Balance, July 1 Available to Appropriate			\$ -
Total Available to Appropriate			\$ 300,045

BE IT FURTHER RESOLVED, that \$ 300,045 of the total available to appropriate in the 2015 Bonds Capital Projects Fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Bond Issuance Costs	\$	18,512	
Renovations and Replacements	\$	281,533	
Total Appropriated			\$ 300,045

Projected June 30, 2016 Fund Balance is \$ 0.

BE IT FURTHER RESOLVED, that the Board of Education hereby commits this fund's fund balance;

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 appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the board. Changes in the amount appropriated by the board shall require approval by the board;

THEREFORE, BE IT RESOLVED THAT:

The Board shall adopt this appropriation resolution at a regular meeting to be held on, March 2, 2016 at 6:00 p.m. at the Coates Administration Building Board Room located at 1020 Coldwater Road, Flint, Michigan 48505.

Ayes: Members Mr. Mays, Mr. Smoot, Mrs. Rankins, Ms. Watson, and Mrs. Loper

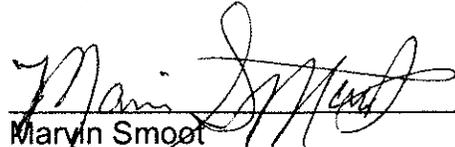
Nayes: Members Ms. Jackson and Ms. Larry

Motion declared adopted.



Marvin Smoot
Secretary, Board of Education

The undersigned duly qualified and acting Secretary of the Board of Education of Beecher Community School District, Genesee County, Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board at its regular meeting held on March 2, 2016 the original of which resolution is a part of the Board's minutes and further certifies that notice of the meeting was given to the public under the Open Meetings Act, 1976 PA 267 as amended.



Marvin Smoot
Secretary, Board of Education

Reporting Final Expenditures

Recipient Code: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 141990 **Grant Name:** Food Equipment Grant

CFDA: 10.579	Approved Amount: \$43,000.00
Project Number: 1314	Project Paid: \$43,000.00
Revenue Code:	Unexpended: \$0.00

Project Start Date: 9/30/2014
Project End Date: 9/30/2015

Business Office Contact: Luther Brown **Project Contact:** Walter Janeczek
Business Office Phone: 810-591-9865 ext. **Project Contact Phone:** 810-591-9322 ext.
Last Changed By: Mr. Luther Brown **Date Last Changed:** 9/1/2015
Status: Processed

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var	
297 Food Services	\$43,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43,000.00	\$0.00	\$43,000.00	0.00 %	
Sub-Total	\$43,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43,000.00	\$0.00	\$43,000.00	0.00 %	
Budget Indirect Cost (max 1.35%) \$0.00 Expend. Indirect Cost (2013: 1.35%; 2014: 3.52%)										
Budget Total	\$43,000.00	Expend. Total							\$43,000.00	

Reporting Final Expenditures

Recipient Code: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 151130 **Grant Name:** Federal Adult Education ABE Instruction

CFDA: 84.002
Project Number: 151807
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 6/30/2015

Approved Amount:	\$58,000.00
Project Paid:	\$58,000.00
Unexpended:	\$0.00

Business Office Contact: Connie Palmer **Project Contact:** Luther Brown
Business Office Phone: 810-591-419 ext. **Project Contact Phone:** 810-591-9865 ext.
Last Changed By: Mr. Luther Brown **Date Last Changed:** 9/18/2015
Status: Processed

Reason for Reopening Report:

A correction to this FER is required as Beecher Community School District did not complete the 151130 FER correctly by the required due date of August 29, 2015. Beecher Community School District must complete and certify the FER correctly no later than 9/23/2015 by reporting actual expenditures for PY 2014-15. Beecher Business Manager: Terese Knag, (810) 591-4467. Office of Adult Education contact: Sue Muzillo, 517-241-1016

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	\$23,000.00	\$3,827.25	\$1,564.52	\$18,401.87	\$552.65	\$0.00	\$0.00	\$24,346.29	5.85 %
221 Improvement of Instruction	\$2,000.00	\$0.00	\$0.00	\$1,220.71	\$0.00	\$0.00	\$0.00	\$1,220.71	-38.96 %
225 Computer-Assisted Instruction	\$17,500.00	\$0.00	\$0.00	\$0.00	\$17,430.10	\$0.00	\$0.00	\$17,430.10	-0.39 %

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	\$1,500.00	\$0.00	\$0.00	\$0.00	\$2,829.40	\$0.00	\$0.00	\$2,829.40	88.62 %
266 Security Services	\$9,000.00	\$0.00	\$0.00	\$9,000.00	\$0.00	\$0.00	\$0.00	\$9,000.00	0.00 %
271 Pupil Transportation Services	\$5,000.00	\$0.00	\$0.00	\$0.00	\$3,173.50	\$0.00	\$0.00	\$3,173.50	-36.53 %
Sub-Total	\$58,000.00	\$3,827.25	\$1,564.52	\$28,622.58	\$23,985.65	\$0.00	\$0.00	\$58,000.00	0.00 %
Budget Indirect Cost (max 3.81%) \$0.00									
Budget Total \$58,000.00									
Expend. Indirect Cost (2015: 3.81%; 2016: 3.16%)									
Expend. Total \$58,000.00									

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: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 152790 **Grant Name:** Michigan-Safe and Supportive Schools

CFDA: 84.184
Project Number: SSS2015
Revenue Code:
Project Start Date: 10/1/2014
Project End Date: 6/12/2015

Approved Amount:	\$100,400.00
Project Paid:	\$94,698.74
Unexpended:	\$5,701.26

Business Office Contact: Terese K. Knag **Project Contact:** Ryan Gord
Business Office Phone: (810) 591-4467 ext. **Project Contact Phone:** (810) 591-9277 ext.
Last Changed By: Mr. Luther Brown **Date Last Changed:** 7/13/2015
Status: Processed

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
113 Basic Programs - High School	\$500.00	\$0.00	\$0.00	\$0.00	\$276.91	\$0.00	\$0.00	\$276.91	-44.61 %
119 Basic Programs - Other Basic Programs	\$5,823.00	\$0.00	\$0.00	\$0.00	\$282.81	\$0.00	\$0.00	\$282.81	-95.14 %
221 Improvement of Instruction	\$47,877.00	\$32,106.60	\$13,569.02	\$2,508.24	\$197.19	\$0.00	\$0.00	\$48,381.05	1.05 %
226 Supervision and Direction of Instructional Staff	\$45,000.00	\$32,000.00	\$13,757.97	\$0.00	\$0.00	\$0.00	\$0.00	\$45,757.97	1.68 %

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	
271 Pupil Transportation Services	\$1,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %	
Sub-Total	\$100,400.00	\$64,106.60	\$27,326.99	\$2,508.24	\$756.91	\$0.00	\$0.00	\$94,698.74	-5.68 %	
Budget Indirect Cost (max 3.81%) \$0.00										
Budget Total	\$100,400.00	Expend. Indirect Cost (2015: 3.81%; 2016: 3.16%)							\$0.00	
		Expend. Total							\$94,698.74	

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: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 150520 **Grant Name:** TITLE II PART A

CFDA: 84.367	Approved Amount: \$522,662.00
Project Number: 1415	Project Paid: \$302,315.20
Revenue Code:	Balance: \$220,346.80
Project Start Date: 7/1/2014	
Project End Date: 9/30/2015	

Business Office Contact: Terese Knag **Project Contact:** Penny Kentish McWilliams
Business Office Phone: (810) 591-4467 ext. **Project Contact Phone:** (810) 591-9276 ext.
Last Changed By: Ms. Terese Knag **Date Last Changed:** 2/8/2016

Status: Certified

Reason for Reopening Report:

Reopen for corrections per request of Rhoda Reed. Date of request is 1/26/2016 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
111 Basic Programs – Elementary	\$145,811.00	\$94,355.76	\$53,951.44	\$0.00	\$0.00	\$0.00	\$0.00	\$148,307.20	1.71 %
221 Improvement of Instruction	\$285,562.00	\$19,962.47	\$8,043.29	\$42,641.37	\$5,891.39	\$0.00	\$0.00	\$76,538.52	-73.19 %
226 Supervision and Direction of Instructional Staff	\$52,772.00	\$38,002.28	\$14,769.22	\$0.00	\$0.00	\$0.00	\$0.00	\$52,771.50	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
283 Staff/Personnel Services	\$24,889.00	\$0.00	\$0.00	\$16,840.05	\$1,291.18	\$0.00	\$0.00	\$18,131.23	-27.15 %
Sub-Total	\$509,034.00	\$152,320.51	\$76,763.95	\$59,481.42	\$7,182.57	\$0.00	\$0.00	\$295,748.45	-41.90 %
Budget Indirect Cost (max 3.81%) \$13,628.00									
Expend. Indirect Cost (2015: 3.81%; 2016: 3.16%)									
Budget Total	\$522,662.00						Expend. Total	\$306,983.22	

Reporting Final Expenditures

Recipient Code: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 151530 **Grant Name:** Title I Part A

CFDA: 84.010
Project Number: 1415
Revenue Code: **Approved Amount:** \$2,521,138.00
Project Start Date: 7/1/2014 **Project Paid:** \$1,928,233.28
Project End Date: 9/30/2015 **Balance:** \$592,904.72

Business Office Contact: Terese Knag **Project Contact:** Penny Kentish McWilliams
Business Office Phone: (810) 591-4467 ext. **Project Contact Phone:** (810) 591-9276 ext.
Last Changed By: Ms. Terese Knag1 **Date Last Changed:** 2/8/2016
Status: Certified

Reason for Reopening Report:
 Reopen for corrections per request of Rhoda Reed. Date of request is 1/26/2016 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	\$195,787.00	\$23,452.81	\$9,594.69	\$25,721.80	\$30,503.85	\$0.00	\$0.00	\$89,273.15	-54.40 %
125 Added Needs - Compensatory Education	\$1,207,027.00	\$369,057.12	\$238,774.04	\$124,737.03	\$147,417.09	\$0.00	\$0.00	\$879,985.28	-27.09 %
211 Support Services - Pupil - Truancy/Absenteeism Services	\$2,000.00	\$0.00	\$0.00	\$0.00	\$1,004.00	\$0.00	\$0.00	\$1,004.00	-49.80 %

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
216 Support Services – Pupil – Social Work Services	\$273,516.00	\$156,806.00	\$100,465.34	\$0.00	\$8,791.23	\$0.00	\$0.00	\$266,062.57	-2.72 %
221 Improvement of Instruction	\$287,987.00	\$63,496.92	\$33,579.95	\$138,857.71	\$579.75	\$0.00	\$0.00	\$236,514.33	-17.87 %
225 Computer-Assisted Instruction	\$130,599.00	\$0.00	\$0.00	\$87,983.95	\$4,653.75	\$0.00	\$0.00	\$92,637.70	-29.06 %
226 Supervision and Direction of Instructional Staff	\$138,462.00	\$89,441.67	\$44,188.76	\$4,846.32	\$3,902.97	\$0.00	\$0.00	\$142,379.72	2.82 %
227 Academic Student Assessment	\$20,400.00	\$0.00	\$0.00	\$19,776.99	\$0.00	\$0.00	\$0.00	\$19,776.99	-3.05 %
261 Operating Buildings Services	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$0.00	\$0.00	\$0.00	\$2,000.00	0.00 %
271 Pupil Transportation Services	\$53,176.00	\$0.00	\$0.00	\$27,248.88	\$0.00	\$0.00	\$0.00	\$27,248.88	-48.75 %
283 Staff/Personnel Services	\$2,484.00	\$0.00	\$0.00	\$2,200.00	\$0.00	\$0.00	\$0.00	\$2,200.00	-11.43 %

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	\$130,564.00	\$55,101.38	\$22,604.72	\$11,808.89	\$9,402.92	\$0.00	\$0.00	\$98,917.91	-24.23 %
Sub-Total	\$2,444,002.00	\$757,355.90	\$449,207.50	\$445,181.57	\$206,255.56	\$0.00	\$0.00	\$1,858,000.53	-23.98 %
Budget Indirect Cost (max 3.81%) \$77,136.00									
Expend. Indirect Cost (2015: 3.81%; 2016: 3.16%)									
Budget Total	\$2,521,138.00						Expend. Total	\$1,928,233.28	

Attachment D

Beecher Community School District Audit Findings 2014-2015			
Prepared by Lewis & Knopf CPAs, PC			
Financial Statements Finding			
Finding Number	Finding Type	Program	Condition as written by auditor
2015-01	Material Noncompliance		The School District continued to incur an overall deficit fund balance at June 30, 2015. As required by State law, the School District filed a deficit elimination plan that is pending approval by the State of Michigan. The Board of Education and administration continue to work to eliminate the deficit in the timeframe required under the law.
Federal Program Audit Findings			
None			



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: March 21, 2016

TO: Josha L. Talison, Superintendent
Michele Loper, Board President

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

SUBJECT: Interim Report – Beecher Community School District

I. Background

On March 4, 2016 the Department of Treasury (the “Department”) initiated a Preliminary Review of the finances of Beecher Community School District (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.

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 approved Michigan Department of Education DEP was established February 19, 2015 and extends through the end of 2015-2016. The District is working with the Department to implement an Enhanced Deficit Elimination Plan (EDEP).

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 A) reflects total general fund revenues of \$13,291,392 for the 2015-2016 fiscal year. The District's total projected fund balance for 2015-16 is negative \$2,001,569 indicating their deficit is 15% 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 B).
- d) District has been in violation of the UBAA since 2013 when it began spending outside the appropriations established by its board adopted budget.
- e) The District received 1 audit findings for 2014-2015 year (attachment C):
 - 1 Material Noncompliance Financial Statements.

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, 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 is showing an increase in deficit for the 2015-2016 fiscal year and the 2016-2017 fiscal year.
- b) Deficiency noted. Lack of timely submission of financial documentation.
- c) No deficiency noted.

The District does meet this criteria.

Other Findings:

The District has contracted their business office responsibilities through Genesee ISD.

Enrollment has declined over a six year period.

School Fiscal Year	2010	2011	2012	2013	2014	2015
Student FTE	1,689.79	1,538.77	1,490.32	1,339.34	1,297.02	1,049.21

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: Jim Ananich, State Senator, Michigan Senate
Phil Phelps, State Representative, Michigan House of Representatives
Oceola Denson Watson, Board Vice President, Beecher Community School District
Marvin Smoot, Board Secretary, Beecher Community School District
Reginald Mays, Board Treasurer, Beecher Community School District
Joyce Jackson, Board Trustee, Beecher Community School District
Lasonya Larry, Board Trustee, Beecher Community School District
Mary Rankins, Board Trustee, Beecher Community School District
Lisa Hagel, Superintendent, Genesee Intermediate School District
Brian J Whiston, State Superintendent, MDE
Kyle Guerrant, Deputy Superintendent, Administrative Services, MDE
Dan Hanrahan, Director, State Aid and School Finances, MDE
Harlan Goodrich, Secretary, Local Emergency Financial Assistance Loan Board

**RESOLUTION FOR ADOPTION BY THE BOARD OF EDUCATION
OF THE BEECHER COMMUNITY SCHOOL DISTRICT**

BE IT RESOLVED, that the total revenues, and unappropriated fund balance estimated to be available for appropriations in the general fund of the Beecher Community School District for fiscal year 2015-2016 which includes 6 mills of ad valorem taxes to be levied on commercial personal property and 18 mills of ad valorem taxes to be levied on non-homestead and non-qualified agricultural property to be used for operating purposes and 7.26 mills to be levied on all properties for debt retirement be adopted as follows:

REVENUE

Local Sources	\$	895,453	
State Sources	\$	8,446,571	
Federal Sources	\$	3,884,936	
Other Financing Sources	\$	59,632	
Fund Modifications	\$	4,800	
Total Revenue	\$		13,291,392
Fund Balance, July 1 Available to Appropriate			\$ (1,822,400)
Total Available to Appropriate			\$ 11,468,992

BE IT FURTHER RESOLVED, that \$ 13,470,561 of the total available to appropriate in the general fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Instruction			
Basic Programs	\$	4,151,167	
Added Needs	\$	2,182,103	
Adult/Continuing Education	\$	57,658	
Support Services			
Pupil Support	\$	952,707	
Instructional Staff Support	\$	1,428,351	
General Administration	\$	408,010	
School Administration	\$	732,596	
Business Services	\$	98,250	
Operations and Maintenance	\$	1,954,981	
Transportation	\$	499,035	
Central	\$	344,111	
Other	\$	301,091	
Community Services	\$	233,645	
Facilities Acquisition/Construction Services	\$	12,771	
Other Financing Uses	\$	114,085	
Total Appropriated			\$ 13,470,561

Projected June 30, 2016 Fund Balance is (\$2,001,569).

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the Food Service Fund of the Beecher Community School District for fiscal year 2015-2016 be adopted as follows:

REVENUE

Local Sources	\$	44,000	
State Sources	\$	27,287	
Federal Sources	\$	644,216	
Transfer from General Fund			
Total Revenue	\$		715,503
Fund Balance, July 1 Available to Appropriate	\$		61,306
Total Available to Appropriate	\$		776,809

BE IT FURTHER RESOLVED, that \$743,670 of the total available to appropriate in the Food Service Fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Food Service Operations	\$	743,670	
Total Appropriated	\$		743,670

Projected June 30, 2016 Fund Balance is \$ 33,139.

BE IT FURTHER RESOLVED, that the Board of Education hereby commits this fund's fund balance;

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the 2007 Bonds Capital Projects Fund of the Beecher Community School District for fiscal year 2015-2016 be adopted as follows:

REVENUE

Earnings on Investments/Deposits	\$	4	
Total Revenue	\$		4
Fund Balance, July 1 Available to Appropriate	\$		15,714
Total Available to Appropriate	\$		15,718

BE IT FURTHER RESOLVED, that \$15,718 of the total available to appropriate in the 2007 Bonds Capital Projects Fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Renovations and Replacements	\$	15,718
Total Appropriated	\$	15,718

Projected June 30, 2016 Fund Balance is \$0.

BE IT FURTHER RESOLVED, that the Board of Education hereby commits this fund's fund balance;

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the 2013 Bonds Capital Projects Fund of the Beecher Community School District for fiscal year 2015-2016 be adopted as follows:

REVENUE

Earnings on Investments/Deposits	\$	-
Total Revenue	\$	-
Fund Balance, July 1 Available to Appropriate	\$	22,839
Total Available to Appropriate	\$	22,839

BE IT FURTHER RESOLVED, that \$ 22,839 of the total available to appropriate in the 2013 Bonds Capital Projects Fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Renovations and Replacements	\$	22,839
Total Appropriated	\$	22,839

Projected June 30, 2016 Fund Balance is \$ 0.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the 2015 Bonds Capital Projects Fund of the Beecher Community School District for fiscal year 2015-2016 be adopted as follows:

REVENUE

Bond Proceeds	\$	300,000	
Earnings on Investments/Deposits	\$	45	
Total Revenue			\$ 300,045
Fund Balance, July 1 Available to Appropriate			\$ -
Total Available to Appropriate			\$ 300,045

BE IT FURTHER RESOLVED, that \$ 300,045 of the total available to appropriate in the 2015 Bonds Capital Projects Fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

Bond Issuance Costs	\$	18,512	
Renovations and Replacements	\$	281,533	
Total Appropriated			\$ 300,045

Projected June 30, 2016 Fund Balance is \$ 0.

BE IT FURTHER RESOLVED, that the Board of Education hereby commits this fund's fund balance;

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 appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the board. Changes in the amount appropriated by the board shall require approval by the board;

THEREFORE, BE IT RESOLVED THAT:

The Board shall adopt this appropriation resolution at a regular meeting to be held on, March 2, 2016 at 6:00 p.m. at the Coates Administration Building Board Room located at 1020 Coldwater Road, Flint, Michigan 48505.

Ayes: Members Mr. Mays, Mr. Smoot, Mrs. Rankins, Ms. Watson, and Mrs. Loper

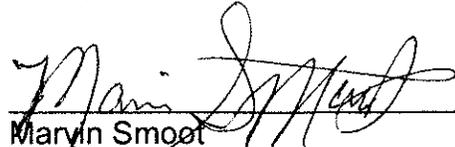
Nayes: Members Ms. Jackson and Ms. Larry

Motion declared adopted.



Marvin Smoot
Secretary, Board of Education

The undersigned duly qualified and acting Secretary of the Board of Education of Beecher Community School District, Genesee County, Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board at its regular meeting held on March 2, 2016 the original of which resolution is a part of the Board's minutes and further certifies that notice of the meeting was given to the public under the Open Meetings Act, 1976 PA 267 as amended.



Marvin Smoot
Secretary, Board of Education

Reporting Final Expenditures

Recipient Code: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 141990 **Grant Name:** Food Equipment Grant

CFDA: 10.579	Approved Amount: \$43,000.00
Project Number: 1314	Project Paid: \$43,000.00
Revenue Code:	Unexpended: \$0.00

Project Start Date: 9/30/2014
Project End Date: 9/30/2015

Business Office Contact: Luther Brown **Project Contact:** Walter Janeczek
Business Office Phone: 810-591-9865 ext. **Project Contact Phone:** 810-591-9322 ext.
Last Changed By: Mr. Luther Brown **Date Last Changed:** 9/1/2015
Status: Processed

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var	
297 Food Services	\$43,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43,000.00	\$0.00	\$43,000.00	0.00 %	
Sub-Total	\$43,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43,000.00	\$0.00	\$43,000.00	0.00 %	
Budget Indirect Cost (max 1.35%) \$0.00										
Expend. Indirect Cost (2013: 1.35%; 2014: 3.52%)										
Budget Total	\$43,000.00	Expend. Total							\$43,000.00	\$0.00

Reporting Final Expenditures

Recipient Code: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 151130 **Grant Name:** Federal Adult Education ABE Instruction

CFDA: 84.002
Project Number: 151807
Revenue Code:
Project Start Date: 7/1/2014
Project End Date: 6/30/2015

Approved Amount:	\$58,000.00
Project Paid:	\$58,000.00
Unexpended:	\$0.00

Business Office Contact: Connie Palmer **Project Contact:** Luther Brown
Business Office Phone: 810-591-419 ext. **Project Contact Phone:** 810-591-9865 ext.
Last Changed By: Mr. Luther Brown **Date Last Changed:** 9/18/2015

Status: Processed

Reason for Reopening Report:

A correction to this FER is required as Beecher Community School District did not complete the 151130 FER correctly by the required due date of August 29, 2015. Beecher Community School District must complete and certify the FER correctly no later than 9/23/2015 by reporting actual expenditures for PY 2014-15. Beecher Business Manager: Terese Knag, (810) 591-4467. Office of Adult Education contact: Sue Muzillo, 517-241-1016

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	\$23,000.00	\$3,827.25	\$1,564.52	\$18,401.87	\$552.65	\$0.00	\$0.00	\$24,346.29	5.85 %
221 Improvement of Instruction	\$2,000.00	\$0.00	\$0.00	\$1,220.71	\$0.00	\$0.00	\$0.00	\$1,220.71	-38.96 %
225 Computer-Assisted Instruction	\$17,500.00	\$0.00	\$0.00	\$0.00	\$17,430.10	\$0.00	\$0.00	\$17,430.10	-0.39 %

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	\$1,500.00	\$0.00	\$0.00	\$0.00	\$2,829.40	\$0.00	\$0.00	\$2,829.40	88.62 %
266 Security Services	\$9,000.00	\$0.00	\$0.00	\$9,000.00	\$0.00	\$0.00	\$0.00	\$9,000.00	0.00 %
271 Pupil Transportation Services	\$5,000.00	\$0.00	\$0.00	\$0.00	\$3,173.50	\$0.00	\$0.00	\$3,173.50	-36.53 %
Sub-Total	\$58,000.00	\$3,827.25	\$1,564.52	\$28,622.58	\$23,985.65	\$0.00	\$0.00	\$58,000.00	0.00 %
Budget Indirect Cost (max 3.81%) \$0.00									
Budget Total \$58,000.00									
Expend. Indirect Cost (2015: 3.81%; 2016: 3.16%)									
Expend. Total \$58,000.00									

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: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 152790 **Grant Name:** Michigan-Safe and Supportive Schools

CFDA: 84.184
Project Number: SSS2015
Revenue Code:
Project Start Date: 10/1/2014
Project End Date: 6/12/2015

Approved Amount:	\$100,400.00
Project Paid:	\$94,698.74
Unexpended:	\$5,701.26

Business Office Contact: Terese K. Knag **Project Contact:** Ryan Gord
Business Office Phone: (810) 591-4467 ext. **Project Contact Phone:** (810) 591-9277 ext.
Last Changed By: Mr. Luther Brown **Date Last Changed:** 7/13/2015
Status: Processed

Function Code	Approved Budget	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expend.	% Var
113 Basic Programs - High School	\$500.00	\$0.00	\$0.00	\$0.00	\$276.91	\$0.00	\$0.00	\$276.91	-44.61 %
119 Basic Programs - Other Basic Programs	\$5,823.00	\$0.00	\$0.00	\$0.00	\$282.81	\$0.00	\$0.00	\$282.81	-95.14 %
221 Improvement of Instruction	\$47,877.00	\$32,106.60	\$13,569.02	\$2,508.24	\$197.19	\$0.00	\$0.00	\$48,381.05	1.05 %
226 Supervision and Direction of Instructional Staff	\$45,000.00	\$32,000.00	\$13,757.97	\$0.00	\$0.00	\$0.00	\$0.00	\$45,757.97	1.68 %

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	
271 Pupil Transportation Services	\$1,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100.00 %	
Sub-Total	\$100,400.00	\$64,106.60	\$27,326.99	\$2,508.24	\$756.91	\$0.00	\$0.00	\$94,698.74	-5.68 %	
Budget Indirect Cost (max 3.81%) \$0.00										
Budget Total	\$100,400.00	Expend. Indirect Cost (2015: 3.81%; 2016: 3.16%)							\$0.00	
		Expend. Total							\$94,698.74	

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: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 150520 **Grant Name:** TITLE II PART A

CFDA: 84.367
Project Number: 1415
Revenue Code: 7/1/2014
Project Start Date: 9/30/2015

Approved Amount:	\$522,662.00
Project Paid:	\$302,315.20
Balance:	\$220,346.80

Business Office Contact: Terese Knag **Project Contact:** Penny Kentish McWilliams
Business Office Phone: (810) 591-4467 ext. **Project Contact Phone:** (810) 591-9276 ext.
Last Changed By: Ms. Terese Knag **Date Last Changed:** 2/8/2016

Status: Certified

Reason for Reopening Report:

Reopen for corrections per request of Rhoda Reed. Date of request is 1/26/2016 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
111 Basic Programs – Elementary	\$145,811.00	\$94,355.76	\$53,951.44	\$0.00	\$0.00	\$0.00	\$0.00	\$148,307.20	1.71 %
221 Improvement of Instruction	\$285,562.00	\$19,962.47	\$8,043.29	\$42,641.37	\$5,891.39	\$0.00	\$0.00	\$76,538.52	-73.19 %
226 Supervision and Direction of Instructional Staff	\$52,772.00	\$38,002.28	\$14,769.22	\$0.00	\$0.00	\$0.00	\$0.00	\$52,771.50	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
283 Staff/Personnel Services	\$24,889.00	\$0.00	\$0.00	\$16,840.05	\$1,291.18	\$0.00	\$0.00	\$18,131.23	-27.15 %
Sub-Total	\$509,034.00	\$152,320.51	\$76,763.95	\$59,481.42	\$7,182.57	\$0.00	\$0.00	\$295,748.45	-41.90 %
Budget Indirect Cost (max 3.81%) \$13,628.00									
Budget Total	\$522,662.00						Expend. Indirect Cost (2015: 3.81%; 2016: 3.16%)	\$11,234.77	
							Expend. Total	\$306,983.22	

Reporting Final Expenditures

Recipient Code: 25240 **Recipient Name:** Beecher Community School District
Grant Number: 151530 **Grant Name:** Title I Part A

CFDA: 84.010
Project Number: 1415
Revenue Code: Approved Amount: \$2,521,138.00
Project Start Date: 7/1/2014 Project Paid: \$1,928,233.28
Project End Date: 9/30/2015 Balance: \$592,904.72

Business Office Contact: Terese Knag **Project Contact:** Penny Kentish McWilliams
Business Office Phone: (810) 591-4467 ext. **Project Contact Phone:** (810) 591-9276 ext.
Last Changed By: Ms. Terese Knag1 **Date Last Changed:** 2/8/2016
Status: Certified

Reason for Reopening Report:
Reopen for corrections per request of Rhoda Reed. Date of request is 1/26/2016 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	\$195,787.00	\$23,452.81	\$9,594.69	\$25,721.80	\$30,503.85	\$0.00	\$0.00	\$89,273.15	-54.40 %
125 Added Needs - Compensatory Education	\$1,207,027.00	\$369,057.12	\$238,774.04	\$124,737.03	\$147,417.09	\$0.00	\$0.00	\$879,985.28	-27.09 %
211 Support Services - Pupil - Truancy/Absenteeism Services	\$2,000.00	\$0.00	\$0.00	\$0.00	\$1,004.00	\$0.00	\$0.00	\$1,004.00	-49.80 %

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
216 Support Services – Pupil – Social Work Services	\$273,516.00	\$156,806.00	\$100,465.34	\$0.00	\$8,791.23	\$0.00	\$0.00	\$266,062.57	-2.72 %
221 Improvement of Instruction	\$287,987.00	\$63,496.92	\$33,579.95	\$138,857.71	\$579.75	\$0.00	\$0.00	\$236,514.33	-17.87 %
225 Computer-Assisted Instruction	\$130,599.00	\$0.00	\$0.00	\$87,983.95	\$4,653.75	\$0.00	\$0.00	\$92,637.70	-29.06 %
226 Supervision and Direction of Instructional Staff	\$138,462.00	\$89,441.67	\$44,188.76	\$4,846.32	\$3,902.97	\$0.00	\$0.00	\$142,379.72	2.82 %
227 Academic Student Assessment	\$20,400.00	\$0.00	\$0.00	\$19,776.99	\$0.00	\$0.00	\$0.00	\$19,776.99	-3.05 %
261 Operating Buildings Services	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$0.00	\$0.00	\$0.00	\$2,000.00	0.00 %
271 Pupil Transportation Services	\$53,176.00	\$0.00	\$0.00	\$27,248.88	\$0.00	\$0.00	\$0.00	\$27,248.88	-48.75 %
283 Staff/Personnel Services	\$2,484.00	\$0.00	\$0.00	\$2,200.00	\$0.00	\$0.00	\$0.00	\$2,200.00	-11.43 %

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	\$130,564.00	\$55,101.38	\$22,604.72	\$11,808.89	\$9,402.92	\$0.00	\$0.00	\$98,917.91	-24.23 %
Sub-Total	\$2,444,002.00	\$757,355.90	\$449,207.50	\$445,181.57	\$206,255.56	\$0.00	\$0.00	\$1,858,000.53	-23.98 %
Budget Indirect Cost (max 3.81%) \$77,136.00									
Budget Indirect Cost (2015: 3.81%; 2016: 3.16%)									
Budget Total	\$2,521,138.00						Expend. Total	\$1,928,233.28	

Beecher Community School District Audit Findings 2014-2015			
Prepared by Lewis & Knopf CPAs, PC			
Financial Statements Finding			
Finding Number	Finding Type	Program	Condition as written by auditor
2015-01	Material Noncompliance		The School District continued to incur an overall deficit fund balance at June 30, 2015. As required by State law, the School District filed a deficit elimination plan that is pending approval by the State of Michigan. The Board of Education and administration continue to work to eliminate the deficit in the timeframe required under the law.
Federal Program Audit Findings			
None			



March 28, 2016

Mr. Paul Connors
Department of Treasury
State of Michigan
608 West Allegan Street
P.O. Box 30008
Lansing, Michigan 48909

Dear Mr. Connors:

I am writing in response to your letter dated March 21, 2016 regarding the Interim Report for Beecher Community School District. Four areas have been identified that are indicative of probably financial stress pursuant to 2015 PA 100, section 4(1)(s). Below, please find additional information specific to three of the areas:

2. The district's existing deficit is greater than 15% of general fund revenues
 - a. The Board of Education adopted a budget amendment on March 2, 2016 that is expected to increase the deficit by \$179,169 to \$2,001,569 in 2015-16. However, the budget amendment adopted by the Board of Education on November 18, 2015 reflected an anticipated deficit of \$2,302,935. The District reduced the budget, and anticipated year-end deficit, by \$301,184 in that time.
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:
 - c. Excessive variances on Final Expenditure Reports (FER) for grants with federal funds
 - i. The District has been working closely with Michigan Department of Education (MDE) representatives regarding different ways to use grant funds to maximize staffing and whenever possible to give relief to the general fund. Some new job descriptions were created and subsequently approved by MDE. One new position has been filled and others are currently posted seeking applicants. The District hopes these positions will be filled soon.
 - ii. Additionally, district officials are meeting with business office officials monthly to monitor spending. The intent of these monthly meetings is to ensure as much of the Consolidated Application programming as possible

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is implemented. The goal is to be under the 15% maximum allowable carryover limit for Title I funds.

- d. District has been in violation of the UBAA since 2013 when it began spending outside the appropriations established by its board adopted budget
 - i. The superintendent and business office officials are now meeting regularly, as well, to review the line item budget against fiscal year-to-date expenditures. This will eliminate any spending in excess of budgeted amounts.
4. The District has shown unsatisfactory progress in eliminating a deficit. This is determined by identifying one of more of the following conditions
 - a. A deficit increase is planned the future fiscal year
 - i. As previously indicated, on March 2, 2016, the District reduced \$301,184 from the budget previously adopted on November 18, 2015. Additionally, the Superintendent has directed District staff that the goal with the 2016-17 initial budget is to reduce the deficit by \$400,000 to \$500,000.

If you have any questions or need additional information, please contact me at 810.591.9206.

Thank you.

Sincerely,



Dr. Josha L. Talison
Superintendent

cc: Alistair Ritchie, Michigan Department of Treasury
Shelbi Frayer, Michigan Department of Treasury
Terese Knag, Regional Shared-Time Director, Business Services
Beecher Board of Education