



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: April 1, 2016

TO: Sue C. Carnell, Superintendent
Timothy Emery, Board President

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

SUBJECT: Final Preliminary Review Report – Westwood Community School District

I. Background

On March 4, 2016 the Department of Treasury (the “Department”) initiated a Preliminary Review of the finances of Westwood 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. 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) was approved in August 2015 and extends 3 years through the 2017-2018 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 \$22,947,748 for the 2015-2016 fiscal year. The District’s total projected fund

balance for 2015-16 is negative \$2,184,758 indicating their deficit is 10% 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) 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 2009 when it began spending outside the appropriations established by its board adopted budget.
- e) The District received 8 audit findings for 2014-2015 year (attachment D):
 - 1 Material Weakness Financial Statements
 - 2 Significant Deficiency Financial Statements
 - 1 Non Compliance Financial Statements
 - 1 Material Weakness and Non Compliance Federal Awards
 - 3 Significant Deficiency and/or Non Compliance 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 (\$2.9M) in the 2014-2015 fiscal year to a projected (\$2.2M) 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.

Attachment A

WESTWOOD COMMUNITY SCHOOL DISTRICT

	Account		Preliminary Actual 2014-15	Budgeted 2015-16
1		Beginning Fund Equity:	(\$4,977,195)	(\$4,061,435)
2		Add: Revenues		
3	11x	Local Sources	\$2,772,611	\$2,758,244
4	51x	Local Rec'd Thru Another Public Sch.	\$438,296	\$438,296
5	2xx	Other Political Sub.	\$0	\$0
6	3xx	State Sources	\$18,296,355	\$18,920,713
7	4xx	Federal Sources	\$4,212,792	\$2,702,215
8	52x-6xx	Incoming Transfers & Other	\$0	\$0
9		TOTAL REVENUES,ETC.	\$25,720,054	\$24,819,468
10		TOTAL RESOURCES AVAILABLE	\$20,742,859	\$20,758,032
11		Less: Expenditures		
12	1xx	Classroom Inst.	\$14,157,379	\$14,380,928
13		Support Services:		
14	21x	Pupil	\$932,416	\$695,940
15	22x	Inst. Staff	\$2,957,537	\$1,816,742
16	23x	Gen. Adm.	\$516,179	\$512,433
17	24x	Sch. Adm.	\$1,071,839	\$1,173,031
18	25x	Business	\$1,036,041	\$1,035,433
19	26x	Operation & Maintenance	\$1,881,652	\$1,884,082
20	27x	Transportation	\$1,495,002	\$1,497,432
21	28x	Central	\$347,037	\$362,781
22	29X	Other	\$263,233	\$270,073
23	3xx	Community Services	\$33,764	\$22,098
24	41,42,43,4	Outgoing Transfers	\$0	\$0
25	45x	Facilities Acq	\$0	\$0
26	51x	Debt Service	\$0	\$0
27	6xx	Fund Modifications	\$112,215	\$112,215
28		TOTAL EXP. & OUTGOING TRANSFERS	\$24,804,294	\$23,763,188
29		ENDING FUND BALANCE	(\$4,061,435)	(\$3,005,156)

Notes:

Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2016-17	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2017-18
		(\$3,005,156)			(\$1,439,438)
(\$14,367)	-0.52%	\$2,663,244	(\$95,000)	-3.44%	\$2,663,244
\$0	0.00%	\$438,296	\$0	0.00%	\$438,296
\$0	0.00%	\$0	\$0	0.00%	\$0
\$624,358	3.41%	\$18,698,192	(\$222,521)	-1.18%	\$18,698,192
(\$1,510,577)	-35.86%	\$2,702,215	\$0	0.00%	\$2,702,215
\$0	0.00%	\$0	\$0	0.00%	\$0
(\$900,586)	-3.50%	\$24,501,947	(\$317,521)	-1.28%	\$24,501,947
\$15,174	0.07%	\$21,496,791	\$738,759	3.56%	\$23,062,509
\$223,549	1.58%	\$13,889,117	(\$491,811)	-3.42%	\$13,889,117
(\$236,476)	-25.36%	\$695,940	\$0	0.00%	\$695,940
(\$1,140,795)	-38.57%	\$1,816,742	\$0	0.00%	\$1,816,742
(\$3,746)	-0.73%	\$512,433	\$0	0.00%	\$512,433
\$101,192	9.44%	\$1,173,031	\$0	0.00%	\$1,173,031
(\$608)	-0.06%	\$1,035,433	\$0	0.00%	\$1,035,433
\$2,430	0.13%	\$1,773,565	(\$110,517)	-5.87%	\$1,773,565
\$2,430	0.16%	\$1,385,016	(\$112,416)	-7.51%	\$1,385,016
\$15,744	4.54%	\$362,781	\$0	0.00%	\$362,781
\$6,840	2.60%	\$270,073	\$0	0.00%	\$270,073
(\$11,666)	-34.55%	\$22,098	\$0	0.00%	\$22,098
\$0	0.00%	\$0	\$0	0.00%	\$0
\$0	0.00%	\$0	\$0	0.00%	\$0
\$0	0.00%	\$0	\$0	0.00%	\$0
\$0	0.00%	\$0	(\$112,215)	-100.00%	\$0
(\$1,041,106)	-4.20%	\$22,936,229	(\$826,959)	-3.48%	\$22,936,229
\$1,056,280	-26.01%	(\$1,439,438)	\$1,565,718	-52.10%	\$126,280

**WESTWOOD COMMUNITY SCHOOL DISTRICT
PROPOSED COMBINED GENERAL FUND
OPERATING BUDGET
FISCAL YEAR 2015-16**

EXHIBIT A - 1

Description	FY 2015-16 Approps Budget	Dec, 2015 FY 2015-16 Proposed Budget	Increase/ (Decrease) in Budget
REVENUES			
Local Sources	\$ 2,772,611	\$ 2,637,144	\$ (135,467)
Intermediate Sources	438,296	510,369	72,073
State Sources	18,296,354	17,179,300	(1,117,054)
Federal Sources	4,212,792	2,620,935	(1,591,857)
Total Revenues	25,720,053	22,947,748	(2,772,305)
EXPENDITURES			
Instruction			
Basic programs	11,431,173	9,851,776	(1,579,398)
Added needs	2,949,755	3,225,649	275,895
Adult/Continuing Ed	-	-	-
Support Services			
Pupil services	695,940	803,535	107,595
Instructional staff	1,816,742	1,773,297	(43,445)
General administration	512,433	520,063	7,630
School administration	1,173,031	1,201,804	28,773
Business services	1,035,433	948,792	(86,641)
Operation & Maintenance	1,884,082	1,796,963	(87,119)
Pupil transportation	1,497,432	1,371,672	(125,760)
Central services	362,781	350,272	(12,509)
Other services	273,733	228,818	(44,915)
Community services	22,098	19,095	(3,003)
Total Program Expenditures	23,654,632	22,091,736	(1,562,897)
Outgoing Transfers & Other	112,215	129,653	17,438
Total Expenditures	23,766,847	22,221,389	(1,545,459)
Revenue minus Expenditures	\$ 1,953,205	\$ 726,359	\$ (1,226,846)
Projected Fund Balance - Beginning of Yr.	(4,061,436)	(2,911,117)	1,150,319
Projected Fund Balance - End of Year	\$ (2,108,231)	\$ (2,184,758)	\$ (76,527)

FINAL EXPENDITURE REPORT

Recipient Code: 82240 **Recipient Name:** Westwood Community School District
Grant Number: 141990 **Grant Name:** Food Equipment Grant

CFDA: 10.579
Project Number: 1314
Revenue Code:
Project Start Date: 9/30/2014 12:00 AM
Project End Date: 9/30/2015 12:00 AM
Business Office Contact: Sherry F. Kelly
Business Office Phone: ext.
Last Changed By: Mr. Javier Sanchez
Status: Processed

Approved Amount:	\$2,900.00
Project Paid:	\$2,900.00
Unexpended:	\$0.00

Project Contact: David Stull
Project Contact Phone: (313)565-3874 ext.
Date Last Changed: 11/23/2015 4:09 PM

Function Code	Function Name	Budget Amount	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expenditures
297	Food Services	\$9,100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,900.00	\$0.00	\$2,900.00
Sub-Total		\$9,100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,900.00	\$0.00	\$2,900.00

Indirect Cost (: %; 1: %) \$0.00
Grant Total Expenditures \$2,900.00

FINAL EXPENDITURE REPORT

Recipient Code: 82240 **Recipient Name:** Westwood Community School District
Grant Number: 151530 **Grant Name:** Title I Part A

CFDA: 84.010
Project Number: 1415
Revenue Code: 6011
Project Start Date: 8/26/2014 12:00 AM
Project End Date: 9/30/2015 12:00 AM
Business Office Contact: Brian Jones

Approved Amount:	\$2,657,769.00
Project Paid:	\$2,234,614.21
Unexpended:	\$423,154.79

Business Office Phone: ext.
Last Changed By: Kerri Kulas
Status: Processed
Project Contact: Jennifer Martin-Green
Project Contact Phone: (313) 565-1117 ext.
Date Last Changed: 12/29/2015 8:07 AM

Reason for Reopening Report:

Please reopen as a 999 Audit FER for Audit Finding #2015-005. The direct amount to be reduced is \$12,764.00. The indirect amount to be reduced is \$328.03 (New Indirect Amount is \$55,990.63). These funds are available. Date of request is 12/28/2015 by Judy Thelen, OFS.

FINAL EXPENDITURE REPORT

Function Code	Function Name	Budget Amount	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expenditures
119	Basic Program - Summer School	\$211,956.00	\$35,294.00	\$14,500.24	\$0.00	\$77,962.52	\$0.00	\$0.00	\$127,756.76
125	Added Needs - Compensatory Education	\$1,197,052.00	\$518,707.28	\$281,596.62	\$53,034.50	\$216,714.58	\$0.00	\$0.00	\$1,070,052.98
221	Improvement of Instruction	\$767,481.00	\$122,992.22	\$53,497.28	\$266,893.38	\$10,309.59	\$0.00	\$0.00	\$453,692.47
225	Computer-Assisted Instruction	\$182,230.00	\$0.00	\$0.00	\$146,818.77	\$35,656.71	\$128,469.48	\$0.00	\$310,944.96
226	Supervision and Direction of Instructional Staff	\$157,293.00	\$98,794.29	\$53,462.27	\$0.00	\$250.87	\$0.00	\$0.00	\$152,507.43
227	Academic Student Assessment	\$37,781.00	\$0.00	\$0.00	\$52,966.50	\$0.00	\$0.00	\$0.00	\$52,966.50
271	Pupil Transportation Services	\$19,140.00	\$0.00	\$0.00	\$6,399.06	\$0.00	\$0.00	\$0.00	\$6,399.06
283	Staff/Personnel Services	\$5,299.00	\$0.00	\$0.00	\$5,291.18	\$0.00	\$0.00	\$0.00	\$5,291.18
331	Community Activities	\$18,764.00	\$7,500.00	\$3,062.04	\$0.00	\$1,214.20	\$0.00	\$0.00	\$11,776.24
999	Disallowed Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$12,764.00)	(\$12,764.00)
Sub-Total		\$2,596,996.00	\$783,287.79	\$406,118.45	\$531,403.39	\$342,108.47	\$128,469.48	(\$12,764.00)	\$2,178,623.58

Indirect Cost (: %; 1: %)

\$55,990.63

Grant Total Expenditures

\$2,234,614.21

FINAL EXPENDITURE REPORT

Recipient Code: 82240 **Recipient Name:** Westwood Community School District
Grant Number: 150520 **Grant Name:** TITLE II PART A

CFDA: 84.367	Approved Amount: \$442,484.00
Project Number: 1415	Project Paid: \$106,297.10
Revenue Code: 7641	Unexpended: \$336,186.90

Project Start Date: 8/26/2014 12:00 AM
Project End Date: 9/30/2015 12:00 AM

Business Office Contact: Brian Jones

Business Office Phone: ext.

Project Contact: Jennifer Martin-Green

Last Changed By: Mr. Javier Sanchez

Project Contact Phone: (313) 565-1117 ext.

Status: Processed

Date Last Changed: 11/23/2015 4:29 PM

Function Code	Function Name	Budget Amount	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expenditures
221	Improvement of Instruction	\$414,089.00	\$6,327.20	\$2,486.25	\$68,820.57	\$4,491.68	\$0.00	\$0.00	\$82,125.70
226	Supervision and Direction of Instructional Staff	\$0.00	\$13,587.41	\$7,920.60	\$0.00	\$0.00	\$0.00	\$0.00	\$21,508.01
283	Staff/Personnel Services	\$19,437.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub-Total		\$433,526.00	\$19,914.61	\$10,406.85	\$68,820.57	\$4,491.68	\$0.00	\$0.00	\$103,633.71

Indirect Cost (: %; 1: %) \$2,663.39
Grant Total Expenditures \$106,297.10

FINAL EXPENDITURE REPORT

Recipient Code: 82240 **Recipient Name:** Westwood Community School District
Grant Number: 152790 **Grant Name:** Michigan-Safe and Supportive Schools

CFDA: 84.184
Project Number: SSS2015
Revenue Code: 6981
Project Start Date: 10/1/2014 12:00 AM
Project End Date: 6/12/2015 12:00 AM
Business Office Contact: Brian Jones

Approved Amount:	\$120,400.00
Project Paid:	\$115,687.97
Unexpended:	\$4,712.03

Business Office Phone: ext.
Last Changed By: Mr. Javier Sanchez
Status: Processed
Project Contact: Jennifer Martin
Project Contact Phone: (313) 565-1117 ext.
Date Last Changed: 7/27/2015 2:30 PM

FINAL EXPENDITURE REPORT

Function Code	Function Name	Budget Amount	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expenditures
212	Support Services – Pupil – Guidance Services	\$235.00	\$0.00	\$0.00	\$0.00	\$146.76	\$0.00	\$0.00	\$146.76
219	Support Services – Pupil – Other Pupil Support Services	\$67,370.00	\$1,064.00	\$434.36	\$64,669.51	\$0.00	\$0.00	\$0.00	\$66,167.87
221	Improvement of Instruction	\$2,420.00	\$0.00	\$0.00	\$734.50	\$0.00	\$0.00	\$0.00	\$734.50
226	Supervision and Direction of Instructional Staff	\$47,075.00	\$0.00	\$0.00	\$0.00	\$46,875.09	\$0.00	\$0.00	\$46,875.09
271	Pupil Transportation Services	\$1,800.00	\$0.00	\$0.00	\$0.00	\$1,763.75	\$0.00	\$0.00	\$1,763.75
331	Community Activities	\$1,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub-Total		\$120,400.00	\$1,064.00	\$434.36	\$65,404.01	\$48,785.60	\$0.00	\$0.00	\$115,687.97

Indirect Cost (: %; 1: %)

\$0.00

Grant Total Expenditures

\$115,687.97

Attachment D

Westwood Community Schools Financial Audit 2014-2015			
Prepared by Alan C. Young & Associates, P.C.			
Financial Statements Finding			
Finding Number	Finding Type	Program	Condition as written by auditor
2015-001	Significant Deficiency		During our review of ticket sales for the athletic events, the support for the ending numbers for the tickets that were sold were not available for review. As a result, we were unable to verify the number of tickets that were sold. No additional documentation was provided to verify that the amount represents complete game attendance revenue.
2015-002	Significant Deficiency		Under Statement of Auditing Standards No. 115, we are required to communicate when a client requires assistance to prepare the financial statements and footnotes required in the annual audit report in accordance with the accounting principles generally accepted in the United States of America. For fiscal year 2015, the School District required assistance in preparing the district-wide financial statements.
2015-003	Non Compliance		During our audit, we noted that the actual expenditures in the general fund exceeded the budgeted appropriations in one category as mentioned below. Expenditures in excess of the appropriated amount are a violation of state law.
2015-004	Material Weakness		In fiscal year 2015, certain adjustments were made to the general ledger as a result of audit to properly state the account balances. These included audit adjustments made for deferral of revenues that did not meet the availability criteria. Additionally, we noted instances where the amounts were not properly classified in the trial balance as per the State's chart of accounts. Additionally, one instance was noted where the total payment made to a vendor exceeded the approved purchase order. We also noted instances, where bids were not performed for the purchase of goods over the State mandated amount. We also noted that during the year the bank reconciliations were not properly performed. This resulted in an adjustment at yearend to reconcile the banks.
Federal Program Audit Findings			
2015-005	Material Weakness and Material Non Compliance	Title I Part A	For 3 of 8 samples selected for testing, the time spent per personnel activity report did not match the amount charged to the grant.
2015-006	Significant Deficiency and Non Compliance	Child Nutrition Cluster	During our breakfast walkthrough, we noted that one of the Schools did not use the daily student roster to distribute the meals.
2015-007	Non Compliance	Child Nutrition Cluster	For the two weeks tested for five schools in the District, we noted that for one week at two of the Schools, the juice serving exceeded the 50% of the total weekly fruit/juice/vegetable serving. A similar finding was noted during the MDE review.
2015-008	Significant Deficiency and Non Compliance	IDEA – Special Education Cluster	During our testing we noted that 1 out of 19 samples tested, the transaction did not occur within the period of availability.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: March 21, 2016

TO: Sue C. Carnell, Superintendent
Timothy Emery, Board President

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

SUBJECT: Interim Report – Westwood Community School District

I. Background

On March 4, 2016 the Department of Treasury (the “Department”) initiated a Preliminary Review of the finances of Westwood 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. 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) was approved in August 2015 and extends 2 years through the 2016-2017 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 \$22,947,748 for the 2015-2016 fiscal year. The District's total projected fund balance for 2015-16 is negative \$2,184,758 indicating their deficit is 10% 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) 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 2009 when it began spending outside the appropriations established by its board adopted budget.
- e) The District received 8 audit findings for 2014-2015 year (attachment D):
 - 1 Material Weakness Financial Statements
 - 2 Significant Deficiency Financial Statements
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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 (\$2.9M) in the 2014-2015 fiscal year to a projected (\$2.2M) 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.

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. David Knezek, State Senator, Michigan Senate
Frank Liberati, State Representative, Michigan House of Representatives
Gregory Stephens, Board Vice President, Westwood Community School District
Cheryl Bell-Everett, Board Secretary, Westwood Community School District
Donald Willis, Board Treasurer, Westwood Community School District
Lusia Donfried, Board Trustee, Westwood Community School District
Sarah Ward, Board Trustee, Westwood Community School District
Roderick Means, Board Trustee, Westwood Community School District
Randy Liepa, Superintendent, Wayne RESA
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

WESTWOOD COMMUNITY SCHOOL DISTRICT

	Account		Preliminary Actual 2014-15	Budgeted 2015-16
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6	3xx	State Sources	\$18,296,355	\$18,920,713
7	4xx	Federal Sources	\$4,212,792	\$2,702,215
8	52x-6xx	Incoming Transfers & Other	\$0	\$0
9		TOTAL REVENUES,ETC.	\$25,720,054	\$24,819,468
10		TOTAL RESOURCES AVAILABLE	\$20,742,859	\$20,758,032
11		Less: Expenditures		
12	1xx	Classroom Inst.	\$14,157,379	\$14,380,928
13		Support Services:		
14	21x	Pupil	\$932,416	\$695,940
15	22x	Inst. Staff	\$2,957,537	\$1,816,742
16	23x	Gen. Adm.	\$516,179	\$512,433
17	24x	Sch. Adm.	\$1,071,839	\$1,173,031
18	25x	Business	\$1,036,041	\$1,035,433
19	26x	Operation & Maintenance	\$1,881,652	\$1,884,082
20	27x	Transportation	\$1,495,002	\$1,497,432
21	28x	Central	\$347,037	\$362,781
22	29X	Other	\$263,233	\$270,073
23	3xx	Community Services	\$33,764	\$22,098
24	41,42,43,4	Outgoing Transfers	\$0	\$0
25	45x	Facilities Acq	\$0	\$0
26	51x	Debt Service	\$0	\$0
27	6xx	Fund Modifications	\$112,215	\$112,215
28		TOTAL EXP. & OUTGOING TRANSFERS	\$24,804,294	\$23,763,188
29		ENDING FUND BALANCE	(\$4,061,435)	(\$3,005,156)

Notes:

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Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2016-17	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2017-18
		(\$3,005,156)			(\$1,439,438)
(\$14,367)	-0.52%	\$2,663,244	(\$95,000)	-3.44%	\$2,663,244
\$0	0.00%	\$438,296	\$0	0.00%	\$438,296
\$0	0.00%	\$0	\$0	0.00%	\$0
\$624,358	3.41%	\$18,698,192	(\$222,521)	-1.18%	\$18,698,192
(\$1,510,577)	-35.86%	\$2,702,215	\$0	0.00%	\$2,702,215
\$0	0.00%	\$0	\$0	0.00%	\$0
(\$900,586)	-3.50%	\$24,501,947	(\$317,521)	-1.28%	\$24,501,947
\$15,174	0.07%	\$21,496,791	\$738,759	3.56%	\$23,062,509
\$223,549	1.58%	\$13,889,117	(\$491,811)	-3.42%	\$13,889,117
(\$236,476)	-25.36%	\$695,940	\$0	0.00%	\$695,940
(\$1,140,795)	-38.57%	\$1,816,742	\$0	0.00%	\$1,816,742
(\$3,746)	-0.73%	\$512,433	\$0	0.00%	\$512,433
\$101,192	9.44%	\$1,173,031	\$0	0.00%	\$1,173,031
(\$608)	-0.06%	\$1,035,433	\$0	0.00%	\$1,035,433
\$2,430	0.13%	\$1,773,565	(\$110,517)	-5.87%	\$1,773,565
\$2,430	0.16%	\$1,385,016	(\$112,416)	-7.51%	\$1,385,016
\$15,744	4.54%	\$362,781	\$0	0.00%	\$362,781
\$6,840	2.60%	\$270,073	\$0	0.00%	\$270,073
(\$11,666)	-34.55%	\$22,098	\$0	0.00%	\$22,098
\$0	0.00%	\$0	\$0	0.00%	\$0
\$0	0.00%	\$0	\$0	0.00%	\$0
\$0	0.00%	\$0	\$0	0.00%	\$0
\$0	0.00%	\$0	(\$112,215)	-100.00%	\$0
(\$1,041,106)	-4.20%	\$22,936,229	(\$826,959)	-3.48%	\$22,936,229
\$1,056,280	-26.01%	(\$1,439,438)	\$1,565,718	-52.10%	\$126,280

**WESTWOOD COMMUNITY SCHOOL DISTRICT
PROPOSED COMBINED GENERAL FUND
OPERATING BUDGET
FISCAL YEAR 2015-16**

EXHIBIT A - 1

Description	FY 2015-16 Approps Budget	Dec, 2015 FY 2015-16 Proposed Budget	Increase/ (Decrease) in Budget
REVENUES			
Local Sources	\$ 2,772,611	\$ 2,637,144	\$ (135,467)
Intermediate Sources	438,296	510,369	72,073
State Sources	18,296,354	17,179,300	(1,117,054)
Federal Sources	4,212,792	2,620,935	(1,591,857)
Total Revenues	25,720,053	22,947,748	(2,772,305)
EXPENDITURES			
Instruction			
Basic programs	11,431,173	9,851,776	(1,579,398)
Added needs	2,949,755	3,225,649	275,895
Adult/Continuing Ed	-	-	-
Support Services			
Pupil services	695,940	803,535	107,595
Instructional staff	1,816,742	1,773,297	(43,445)
General administration	512,433	520,063	7,630
School administration	1,173,031	1,201,804	28,773
Business services	1,035,433	948,792	(86,641)
Operation & Maintenance	1,884,082	1,796,963	(87,119)
Pupil transportation	1,497,432	1,371,672	(125,760)
Central services	362,781	350,272	(12,509)
Other services	273,733	228,818	(44,915)
Community services	22,098	19,095	(3,003)
Total Program Expenditures	23,654,632	22,091,736	(1,562,897)
Outgoing Transfers & Other	112,215	129,653	17,438
Total Expenditures	23,766,847	22,221,389	(1,545,459)
Revenue minus Expenditures	\$ 1,953,205	\$ 726,359	\$ (1,226,846)
Projected Fund Balance - Beginning of Yr.	(4,061,436)	(2,911,117)	1,150,319
Projected Fund Balance - End of Year	\$ (2,108,231)	\$ (2,184,758)	\$ (76,527)

FINAL EXPENDITURE REPORT

Recipient Code: 82240 **Recipient Name:** Westwood Community School District
Grant Number: 141990 **Grant Name:** Food Equipment Grant

CFDA: 10.579
Project Number: 1314
Revenue Code:
Project Start Date: 9/30/2014 12:00 AM
Project End Date: 9/30/2015 12:00 AM
Business Office Contact: Sherry F. Kelly
Business Office Phone: ext.
Last Changed By: Mr. Javier Sanchez
Status: Processed

Approved Amount:	\$2,900.00
Project Paid:	\$2,900.00
Unexpended:	\$0.00

Project Contact: David Stull
Project Contact Phone: (313)565-3874 ext.
Date Last Changed: 11/23/2015 4:09 PM

Function Code	Function Name	Budget Amount	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expenditures
297	Food Services	\$9,100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,900.00	\$0.00	\$2,900.00
Sub-Total		\$9,100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,900.00	\$0.00	\$2,900.00

Indirect Cost (: %; 1: %) \$0.00
Grant Total Expenditures \$2,900.00

FINAL EXPENDITURE REPORT

Recipient Code: 82240 **Recipient Name:** Westwood Community School District
Grant Number: 151530 **Grant Name:** Title I Part A

CFDA: 84.010
Project Number: 1415
Revenue Code: 6011
Project Start Date: 8/26/2014 12:00 AM
Project End Date: 9/30/2015 12:00 AM
Business Office Contact: Brian Jones

Approved Amount:	\$2,657,769.00
Project Paid:	\$2,234,614.21
Unexpended:	\$423,154.79

Business Office Phone: ext.
Last Changed By: Kerri Kulas
Status: Processed
Project Contact: Jennifer Martin-Green
Project Contact Phone: (313) 565-1117 ext.
Date Last Changed: 12/29/2015 8:07 AM

Reason for Reopening Report:

Please reopen as a 999 Audit FER for Audit Finding #2015-005. The direct amount to be reduced is \$12,764.00. The indirect amount to be reduced is \$328.03 (New Indirect Amount is \$55,990.63). These funds are available. Date of request is 12/28/2015 by Judy Thelen, OFS.

FINAL EXPENDITURE REPORT

Function Code	Function Name	Budget Amount	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expenditures
119	Basic Program - Summer School	\$211,956.00	\$35,294.00	\$14,500.24	\$0.00	\$77,962.52	\$0.00	\$0.00	\$127,756.76
125	Added Needs - Compensatory Education	\$1,197,052.00	\$518,707.28	\$281,596.62	\$53,034.50	\$216,714.58	\$0.00	\$0.00	\$1,070,052.98
221	Improvement of Instruction	\$767,481.00	\$122,992.22	\$53,497.28	\$266,893.38	\$10,309.59	\$0.00	\$0.00	\$453,692.47
225	Computer-Assisted Instruction	\$182,230.00	\$0.00	\$0.00	\$146,818.77	\$35,656.71	\$128,469.48	\$0.00	\$310,944.96
226	Supervision and Direction of Instructional Staff	\$157,293.00	\$98,794.29	\$53,462.27	\$0.00	\$250.87	\$0.00	\$0.00	\$152,507.43
227	Academic Student Assessment	\$37,781.00	\$0.00	\$0.00	\$52,966.50	\$0.00	\$0.00	\$0.00	\$52,966.50
271	Pupil Transportation Services	\$19,140.00	\$0.00	\$0.00	\$6,399.06	\$0.00	\$0.00	\$0.00	\$6,399.06
283	Staff/Personnel Services	\$5,299.00	\$0.00	\$0.00	\$5,291.18	\$0.00	\$0.00	\$0.00	\$5,291.18
331	Community Activities	\$18,764.00	\$7,500.00	\$3,062.04	\$0.00	\$1,214.20	\$0.00	\$0.00	\$11,776.24
999	Disallowed Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$12,764.00)	(\$12,764.00)
Sub-Total		\$2,596,996.00	\$783,287.79	\$406,118.45	\$531,403.39	\$342,108.47	\$128,469.48	(\$12,764.00)	\$2,178,623.58

Indirect Cost (: %; 1: %)

\$55,990.63

Grant Total Expenditures

\$2,234,614.21

FINAL EXPENDITURE REPORT

Recipient Code: 82240 **Recipient Name:** Westwood Community School District
Grant Number: 150520 **Grant Name:** TITLE II PART A

CFDA: 84.367	Approved Amount: \$442,484.00
Project Number: 1415	Project Paid: \$106,297.10
Revenue Code: 7641	Unexpended: \$336,186.90

Project Start Date: 8/26/2014 12:00 AM
Project End Date: 9/30/2015 12:00 AM

Business Office Contact: Brian Jones

Business Office Phone: ext.

Project Contact: Jennifer Martin-Green

Last Changed By: Mr. Javier Sanchez

Project Contact Phone: (313) 565-1117 ext.

Status: Processed

Date Last Changed: 11/23/2015 4:29 PM

Function Code	Function Name	Budget Amount	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expenditures
221	Improvement of Instruction	\$414,089.00	\$6,327.20	\$2,486.25	\$68,820.57	\$4,491.68	\$0.00	\$0.00	\$82,125.70
226	Supervision and Direction of Instructional Staff	\$0.00	\$13,587.41	\$7,920.60	\$0.00	\$0.00	\$0.00	\$0.00	\$21,508.01
283	Staff/Personnel Services	\$19,437.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub-Total		\$433,526.00	\$19,914.61	\$10,406.85	\$68,820.57	\$4,491.68	\$0.00	\$0.00	\$103,633.71

Indirect Cost (: %; 1: %) \$2,663.39
Grant Total Expenditures \$106,297.10

FINAL EXPENDITURE REPORT

Recipient Code: 82240 **Recipient Name:** Westwood Community School District
Grant Number: 152790 **Grant Name:** Michigan-Safe and Supportive Schools

CFDA: 84.184
Project Number: SSS2015
Revenue Code: 6981
Project Start Date: 10/1/2014 12:00 AM
Project End Date: 6/12/2015 12:00 AM
Business Office Contact: Brian Jones

Approved Amount:	\$120,400.00
Project Paid:	\$115,687.97
Unexpended:	\$4,712.03

Business Office Phone: ext.
Last Changed By: Mr. Javier Sanchez
Status: Processed
Project Contact: Jennifer Martin
Project Contact Phone: (313) 565-1117 ext.
Date Last Changed: 7/27/2015 2:30 PM

FINAL EXPENDITURE REPORT

Function Code	Function Name	Budget Amount	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000	Total Expenditures
212	Support Services – Pupil – Guidance Services	\$235.00	\$0.00	\$0.00	\$0.00	\$146.76	\$0.00	\$0.00	\$146.76
219	Support Services – Pupil – Other Pupil Support Services	\$67,370.00	\$1,064.00	\$434.36	\$64,669.51	\$0.00	\$0.00	\$0.00	\$66,167.87
221	Improvement of Instruction	\$2,420.00	\$0.00	\$0.00	\$734.50	\$0.00	\$0.00	\$0.00	\$734.50
226	Supervision and Direction of Instructional Staff	\$47,075.00	\$0.00	\$0.00	\$0.00	\$46,875.09	\$0.00	\$0.00	\$46,875.09
271	Pupil Transportation Services	\$1,800.00	\$0.00	\$0.00	\$0.00	\$1,763.75	\$0.00	\$0.00	\$1,763.75
331	Community Activities	\$1,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub-Total		\$120,400.00	\$1,064.00	\$434.36	\$65,404.01	\$48,785.60	\$0.00	\$0.00	\$115,687.97

Indirect Cost (: %; 1: %)

Grant Total Expenditures

\$0.00

\$115,687.97

Westwood Community Schools Financial Audit 2014-2015			
Prepared by Alan C. Young & Associates, P.C.			
Financial Statements Finding			
Finding Number	Finding Type	Program	Condition as written by auditor
2015-001	Significant Deficiency		During our review of ticket sales for the athletic events, the support for the ending numbers for the tickets that were sold were not available for review. As a result, we were unable to verify the number of tickets that were sold. No additional documentation was provided to verify that the amount represents complete game attendance revenue.
2015-002	Significant Deficiency		Under Statement of Auditing Standards No. 115, we are required to communicate when a client requires assistance to prepare the financial statements and footnotes required in the annual audit report in accordance with the accounting principles generally accepted in the United States of America. For fiscal year 2015, the School District required assistance in preparing the district-wide financial statements.
2015-003	Non Compliance		During our audit, we noted that the actual expenditures in the general fund exceeded the budgeted appropriations in one category as mentioned below. Expenditures in excess of the appropriated amount are a violation of state law.
2015-004	Material Weakness		In fiscal year 2015, certain adjustments were made to the general ledger as a result of audit to properly state the account balances. These included audit adjustments made for deferral of revenues that did not meet the availability criteria. Additionally, we noted instances where the amounts were not properly classified in the trial balance as per the State's chart of accounts. Additionally, one instance was noted where the total payment made to a vendor exceeded the approved purchase order. We also noted instances, where bids were not performed for the purchase of goods over the State mandated amount. We also noted that during the year the bank reconciliations were not properly performed. This resulted in an adjustment at yearend to reconcile the banks.
Federal Program Audit Findings			
2015-005	Material Weakness and Material Non Compliance	Title I Part A	For 3 of 8 samples selected for testing, the time spent per personnel activity report did not match the amount charged to the grant.
2015-006	Significant Deficiency and Non Compliance	Child Nutrition Cluster	During our breakfast walkthrough, we noted that one of the Schools did not use the daily student roster to distribute the meals.
2015-007	Non Compliance	Child Nutrition Cluster	For the two weeks tested for five schools in the District, we noted that for one week at two of the Schools, the juice serving exceeded the 50% of the total weekly fruit/juice/vegetable serving. A similar finding was noted during the MDE review.
2015-008	Significant Deficiency and Non Compliance	IDEA – Special Education Cluster	During our testing we noted that 1 out of 19 samples tested, the transaction did not occur within the period of availability.

Attachment F

We greatly appreciate receiving the Interim Report on our School District from the Department of Treasury. As you might imagine, we are pleased that we did not meet three of the four criteria indicated in the report. On the first finding, our DEP actually extends out to FY 17-18 i.e., the year we expect to emerge from deficit. However FY 16-17 is the last fiscal year we anticipate a fund deficit.

We are also working to reduce if not eliminate the audit findings indicated in the Department's report. We have shown improvement in these areas each year and continue to make good progress. We will continue to monitor our cash flow and cost containment measures as well.

Implementing measures to eliminate our deficit has not always been easy. We have tried to achieve this goal without negatively impacting instructional programs where possible. Due to the leadership of our Superintendent and Board of Education as well as a willingness to work towards that goal by our Administrative, Teaching, Support and Central Office staffs, we feel like we are making good progress.

Our intent is to continue to provide timely and accurate reports to the Department and gladly respond to any request you may have. Should you have any questions or require any additional information please contact me. Thank you.

Brian C. Jones
Financial Officer
Westwood Community Schools
Office: 313-565-1554
Fax: 313-565-3610