



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

May 10, 2016

Harlan Goodrich, Secretary
Local Emergency Financial Assistance Loan Board
Local Audit and Finance Unit
Michigan Department of Treasury
Lansing, MI 48909

Dear Mr. Goodrich:

On April 15, 2016 a preliminary review of the New Haven Community School District (the "District") began pursuant to Public Act 110 of 2015.

An Interim Report of the Preliminary Review was sent to the District on May 3, 2016. The District was then given five days to respond. In its response to the Interim Report, the District provided written comments, however, it did not submit any evidence or information which caused the Department to amend its final report. Copies of both the Interim Report of the Preliminary Report and the District's response are included as attachments to the Final Report of the Preliminary Review.

As required by Section 4(3) of the Act, the Final Report of the Preliminary Review of the District is being transmitted to the Local Emergency Financial Assistance Loan Board (ELB) for its review. The ELB will determine whether or not probable financial stress exists in the District. A copy of the Interim Report is included as an attachment to the Final Report of the Preliminary Review.

Sincerely,


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

cc. Sue Simon, Board Vice President, New Haven Community Schools
Regina Patton, Board Secretary, New Haven Community Schools
Tracy Bonkowski, Board Treasurer, New Haven Community Schools
Tanya France, Board Trustee, New Haven Community Schools
Andrew Osterholm, Board Trustee, New Haven Community Schools
Michael Packer, Board Trustee, New Haven Community Schools
Michael R. DeVault, Superintendent, Macomb ISD
Brian J Whiston, State Superintendent, Michigan Department of Education

Kyle Guerrant, Deputy Superintendent, Administrative Services, Michigan Department of Education
Dan Hanrahan, Director, State Aid and School Finances, Michigan Department of Education
Ken Goike, State Representative, Michigan House of Representatives
Jack Brandenburg, State Senator, Michigan Senate
Harlin Goodrich, Secretary, Local Emergency Financial Assistance Loan Board



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: May 10, 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 – New Haven Community Schools

I. Background

On April 15, 2016 the Department of Treasury (the “Department”) initiated a Preliminary Review of the finances of New Haven Community Schools (the “District”) to determine whether or not a school district had probable financial stress. Pursuant to 2015 PA 110, section 4 (2) (b) (MCL 141.1544), the District is statutorily mandated to undergo a preliminary review of its finances to determine the existence of probable financial stress. In part, this section provides that the Department, as the State Financial Authority, shall conduct a preliminary review of any school district that is subject to a Deficit Elimination Plan (DEP) that provides for the elimination of deficit over a period exceeding 5 years.

II. Final Review Findings

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

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

Finding:

The District’s current DEP (attachment A) approved by the Michigan Department of Education on November 2, 2015 and extends through the end of 2015-2016 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 \$12,823,108 for the 2015-2016 fiscal year. The District's total projected fund balance for 2015-16 is \$45,938 indicating a positive ending fund balance.

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 variances on FER for grants with federal funds (attachment C).
- d) District is in violation of the UBAA when it began spending outside the appropriations established by its board's adopted budget.
- e) The District received 4 audit findings for the 2014-2015 year (attachment D):
 - 1 Major Noncompliance Financial Statements
 - 1 Material Noncompliance Financial Statements
 - 2 Significant Deficiency 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 is projected to end the 2015-16 year with a positive fund balance.
- b) No deficiency noted.
- c) No deficiency noted.

The District does not meet this criteria.

Other Findings:

There is ongoing litigation that may negatively impact the general fund balance.

Deficit Elimination Plan

New Haven Community Schools

Account	Preliminary Actual 2014-15	Budgeted 2015-16	Yearly Increase (Decrease)	% Increase (Decrease)	Estimated 2016-17
1	Beginning Fund Equity:				\$45,938
2	Add: Revenues				
3 11x	Local Sources	\$2,914,283	\$126,118	4.52%	\$0
4 51x	Local Rec'd Thru Another Public Sch.	\$70,168	(\$18)	-0.03%	\$0
5 2xx	Other Political Sub.	\$0	\$0	0.00%	\$0
6 3xx	State Sources	\$8,496,833	\$429,616	5.33%	#DIV/0!
7 4xx	Federal Sources	\$937,914	(\$260,715)	-21.75%	\$0
8 52x-6xx	Incoming Transfers & Other	\$512,749	(\$108,821)	-21.22%	\$0
9	TOTAL REVENUES, ETC.	\$12,636,928	\$186,180	1.47%	#DIV/0!
10	TOTAL RESOURCES AVAILABLE	\$12,469,060	\$58,086	0.47%	#DIV/0!
11	Less: Expenditures				
12 1xx	Classroom Inst.	\$7,083,664	(\$123,923)	-1.75%	\$0
13	Support Services:				
14 21x	Pupil	\$943,712	(\$27,418)	-2.91%	\$0
15 22x	Inst. Staff	\$299,053	(\$47,811)	-15.99%	\$0
16 23x	Gen. Adm.	\$482,135	\$275	0.06%	\$0
17 24x	Sch. Adm.	\$694,491	\$25,009	3.60%	\$0
18 25x	Business	\$278,114	\$287	0.10%	\$0
19 26x	Operation & Maintenance	\$1,369,708	\$0	0.00%	\$0
20 27x	Transportation	\$1,212,186	(\$87,357)	-7.21%	\$0
21 28x	Central	\$70,941	\$0	0.00%	\$0
22 29x	Other	\$155,769	\$0	0.00%	\$0
23 3xx	Community Services	\$5,702	\$0	0.00%	\$0
24 41,42,43	Outgoing Transfers	\$0	\$0	0.00%	\$0
25 45x	Facilities Acq	\$0	\$0	0.00%	\$0
26 51x	Debt Service	\$146,671	\$0	0.00%	\$0
27 6xx	Fund Modifications	\$22,876	(\$22,876)	-100.00%	\$0
28	TOTAL EXP. & OUTGOING TRANSFERS	\$12,765,022	(\$283,814)	-2.22%	\$0
29	ENDING FUND BALANCE	(\$295,962)	\$341,900	-115.52%	#DIV/0!

Notes:

- (8) Face Value of Buses Capital Lease 452199 363628
- Indirect Cost - Food Service 22800 22800
- Sale of Fixed Assets 37750 17500

Attachment B

New Haven Community Schools

General Fund

For the Fiscal Year Ending June 30,

	Amended Budget 2015	Original Budget 2016	Amended Budget 2016
Revenue:			
Local	\$ 2,900,270	2,900,000	\$ 2,914,283
State	7,962,513	8,112,500	8,496,833
Federal	1,193,798	1,098,000	937,914
Other Financing Sources:			
Transfer from Food Service Fund	26,000	26,000	22,800
Proceeds from Sal of Fixed Assets	21,110	20,000	17,500
Transfers from Other Districts and MISD	70,168	70,000	70,150
Face value of Debt Issued	452,200	0	363,628
Total Revenue	<u>12,626,059</u>	<u>12,226,500</u>	<u>12,823,108</u>
Expenditures:			
Basic Programs for Instruction:			
Elementary	2,456,096	2,460,000	2,451,396
Middle School	1,313,666	1,320,000	1,311,396
High School	1,374,381	1,380,000	1,371,395
Pre Kindergarten	55,484	56,000	62,904
Added Needs for Instruction:			
Special Education	1,131,564	1,135,000	1,151,657
Compensatory Education	441,862	445,000	425,993
Vocational Education	180,675	185,000	185,000
Total Instruction	<u>6,953,728</u>	<u>6,981,000</u>	<u>6,959,741</u>
Support Services:			
Pupil	906,325	859,134	916,294
Instructional Staff	288,141	247,300	251,242
General Administration	453,075	460,000	482,410
School Administration	684,367	690,000	719,500
Business Services	232,214	235,000	278,401
Operation and Maintenance	1,386,018	1,393,000	1,369,708
Pupil transportation	1,396,157	943,000	1,124,829
Central	73,750	71,011	70,941
Athletics	148,947	150,000	155,769
Total Support Services	<u>5,568,994</u>	<u>5,048,445</u>	<u>5,369,094</u>
Community Services	<u>9,820</u>	<u>8,755</u>	<u>5,702</u>
Other Financing Uses:			
Debt Service	29,060	0	146,671
Transfers To Latch Key/ Preschool Fund	13,800	0	0
Total Other Financing Uses	<u>42,860</u>	<u>0</u>	<u>146,671</u>
Total Expenditures	<u>12,575,402</u>	<u>12,038,200</u>	<u>12,481,208</u>
Net Change in Fund Balance	50,657	188,300	341,900
Fund Balance , beginning of year	(167,868)	(117,211)	(295,962)
Fund Balance, end of year	<u>\$ (117,211)</u>	<u>71,089</u>	<u>\$ 45,938</u>

New Haven Community Schools

Food Service Fund

For the Fiscal Year Ending June 30,

	<u>Amended Budget 2015</u>	<u>Original Budget 2016</u>	<u>Amended Budget 2016</u>
Revenue:			
Local	\$ 162,400	165,000	\$ 165,000
State	21,550	21,500	21,500
Federal	<u>341,350</u>	<u>350,000</u>	<u>350,000</u>
Total Revenue	525,300	536,500	536,500
Expenditures:			
Other Support Services	499,300	510,500	510,500
Other Financing Uses - Transfer to General Fund	<u>26,000</u>	<u>26,000</u>	<u>22,800</u>
Total Expenditures	525,300	536,500	533,300
Net Change in Fund Balance	0	0	0
Fund Balance , beginning of year	<u>124,802</u>	<u>124,802</u>	<u>144,580</u>
Fund Balance, end of year	\$ <u><u>124,802</u></u>	<u><u>124,802</u></u>	\$ <u><u>144,580</u></u>

New Haven Community Schools

Latch Key/ Paid Preschool Fund
For the Fiscal Year Ending June 30,

	<u>Amended Budget 2015</u>	<u>Original Budget 2016</u>	<u>Amended Budget 2016</u>
Revenue:			
Local	\$ 151,300	166,000	\$ 166,000
Other Financing Sources - Transfer from General Fund	<u>13,800</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>165,100</u>	<u>166,000</u>	<u>166,000</u>
Expenditures:			
Support Services:			
Pupil Transportation	100	100	100
Community Services	<u>165,000</u>	<u>165,900</u>	<u>165,900</u>
Total Expenditures	<u>165,100</u>	<u>165,000</u>	<u>165,000</u>
Net Change in Fund Balance	0	0	0
Fund Balance , beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>

Attachment C

Grant Auditor Report (Generated: 4/11/2016 3:49:23 PM)								
Grant Number	Project Number	Project End Date	Allocation	Approved	Paid During Date Range	Cumulative Payments	Balance Approved-Cumulative	Final Expenditure Report?
158992	1415	6/30/2016	\$0.00	\$12,790.00	\$12,790.00	\$12,790.00	\$0.00	Received
152790	SSS2015	6/12/2015	\$0.00	\$100,400.00	\$100,400.00	\$100,400.00	\$0.00	Received
151530	1415	9/30/2015	\$261,017.00	\$306,400.00	\$302,157.01	\$302,157.01	\$4,242.99	Received
150520	1415	9/30/2015	\$60,931.00	\$81,441.00	\$67,994.47	\$67,994.47	\$13,446.53	Received
142790	SSS2014	9/30/2014	\$0.00	\$125,500.00	\$124,954.97	\$124,954.97	\$545.03	Received
141530	1314	9/30/2014	\$302,554.00	\$393,941.00	\$332,214.69	\$332,214.69	\$61,726.31	Received
141520	1314	9/30/2014	\$0.00	\$6,000.00	\$1,729.46	\$1,729.46	\$4,270.54	Received
140520	1314	9/30/2014	\$58,094.00	\$119,255.00	\$98,744.69	\$98,744.69	\$20,510.31	Received

FINAL EXPENDITURE REPORT

Recipient Code: 50170
Grant Number: 158992

Recipient Name: New Haven Community Schools
Grant Name: TRIG District Participation

CFDA:

Project Number: 1415
Revenue Code:
Project Start Date: 10/1/2014 12:00 AM
Project End Date: 6/30/2016 12:00 AM

Approved Amount: \$12,790.00
Project Paid: \$12,790.00
Unexpended: \$0.00

Business Office Contact: Bob Lenhardt

Business Office Phone: ext.

Project Contact: Paula Sorgeloos

Last Changed By: Mr. Javier Sanchez

Project Contact Phone: 586-783-6300 ext.

Status: Processed

Date Last Changed: 11/23/2015 12:30 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
225	Instructional Staff Technology Assisted Instruction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
456	Building Improvements Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,790.00	\$0.00	\$12,790.00
Sub-Total		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,790.00	\$0.00	\$12,790.00

Indirect Cost (- %; 1: %) \$0.00

Grant Total Expenditures \$12,790.00

FINAL EXPENDITURE REPORT

FINAL EXPENDITURE REPORT

Recipient Code: 50170
Grant Number: 152790

Recipient Name: New Haven Community Schools
Grant Name: Michigan-Safe and Supportive Schools

CFDA: 84.184
Project Number: SSS2015
Revenue Code:
Project Start Date: 10/1/2014 12:00 AM
Project End Date: 6/12/2015 12:00 AM
Business Office Contact: Paula Sorgeloos
Business Office Phone: 1225 ext. 1225
Last Changed By: Mr. Javier Sanchez
Status: Processed

Approved Amount:	\$100,400.00
Project Paid:	\$100,400.00
Unexpended:	\$0.00

Project Contact: Natasha Williams
Project Contact Phone: (586) 749-5104 ext. 1040
Date Last Changed: 7/17/2015 12:24 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
113	Basic Programs – High School	\$2,182.00	\$400.00	\$100.00	\$1,682.00	\$0.00	\$0.00	\$0.00	\$2,182.00
212	Support Services – Pupil – Guidance Services	\$19,000.00	\$0.00	\$0.00	\$19,000.00	\$0.00	\$0.00	\$0.00	\$19,000.00
219	Support Services – Pupil – Other Pupil Support Services	\$29,413.00	\$0.00	\$0.00	\$29,413.00	\$0.00	\$0.00	\$0.00	\$29,413.00
221	Improvement of Instruction	\$3,776.00	\$0.00	\$0.00	\$3,776.00	\$0.00	\$0.00	\$0.00	\$3,776.00
229	Other Instructional Staff Services	\$43,000.00	\$0.00	\$0.00	\$43,000.00	\$0.00	\$0.00	\$0.00	\$43,000.00
283	Staff/Personnel Services	\$2,508.00	\$400.00	\$100.00	\$2,008.00	\$0.00	\$0.00	\$0.00	\$2,508.00
331	Community Activities	\$521.00	\$0.00	\$0.00	\$521.00	\$0.00	\$0.00	\$0.00	\$521.00
Sub-Total		\$100,400.00	\$800.00	\$200.00	\$99,400.00	\$0.00	\$0.00	\$0.00	\$100,400.00

Indirect Cost (: %; 1: %) \$0.00

Grant Total Expenditures \$100,400.00

FINAL EXPENDITURE REPORT

Recipient Code: 50170 **Recipient Name:** New Haven Community Schools
Grant Number: 151530 **Grant Name:** Title I Part A

CFDA: 84.010
Project Number: 1415
Revenue Code:
Project Start Date: 7/1/2014 12:00 AM
Project End Date: 9/30/2015 12:00 AM
Business Office Contact: Beth Disbrow
Business Office Phone: 1225 **ext.** 1225
Last Changed By: Mr. Javier Sanchez
Status: Processed

Approved Amount:	\$306,400.00
Project Paid:	\$302,157.01
Unexpended:	\$4,242.99

Project Contact: Shelley Alwardt
Project Contact Phone: (586) 783-6300 **ext.** 1110
Date Last Changed: 11/23/2015 12:30 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
125	Added Needs – Compensatory Education	\$276,116.00	\$173,741.21	\$96,197.59	\$0.00	\$3,212.48	\$0.00	\$513.00	\$273,664.28
221	Improvement of Instruction	\$4,600.00	\$0.00	\$0.00	\$2,500.00	\$308.74	\$0.00	\$0.00	\$2,808.74
226	Supervision and Direction of Instructional Staff	\$22,000.00	\$0.00	\$0.00	\$21,999.99	\$0.00	\$0.00	\$0.00	\$21,999.99
231	Board of Education	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
331	Community Activities	\$2,684.00	\$0.00	\$0.00	\$0.00	\$2,684.00	\$0.00	\$0.00	\$2,684.00
Sub-Total		\$306,400.00	\$173,741.21	\$96,197.59	\$25,499.99	\$6,205.22	\$0.00	\$513.00	\$302,157.01

Indirect Cost (: %; 1: %) \$0.00

Grant Total Expenditures \$302,157.01

FINAL EXPENDITURE REPORT

Recipient Code: 50170
Grant Number: 150520

Recipient Name: New Haven Community Schools
Grant Name: TITLE II PART A

CFDA: 84.367
Project Number: 1415
Revenue Code:
Project Start Date: 7/1/2014 12:00 AM
Project End Date: 9/30/2015 12:00 AM
Business Office Contact: Beth Disbrow
Business Office Phone: 1225 ext. 1225
Last Changed By: Mr. Javier Sanchez
Status: Processed

Approved Amount:	\$81,441.00
Project Paid:	\$67,994.47
Unexpended:	\$13,446.53

Project Contact: Shelley Alwardt
Project Contact Phone: (586) 783-6300 ext. 1110
Date Last Changed: 11/23/2015 12:30 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	\$80,250.00	\$43,526.25	\$22,708.07	\$1,347.15	\$0.00	\$0.00	\$0.00	\$67,581.47
371	Non-Public School Pupils	\$1,191.00	\$0.00	\$0.00	\$413.00	\$0.00	\$0.00	\$0.00	\$413.00
Sub-Total		\$81,441.00	\$43,526.25	\$22,708.07	\$1,760.15	\$0.00	\$0.00	\$0.00	\$67,994.47

Indirect Cost (: %; 1: %) \$0.00
Grant Total Expenditures \$67,994.47

FINAL EXPENDITURE REPORT

FINAL EXPENDITURE REPORT

Recipient Code: 50170

Grant Number: 142790

Recipient Name: New Haven Community Schools

Grant Name: Michigan-Safe and Supportive Schools

CFDA: 84.184

Project Number: SSS2014

Revenue Code:

Project Start Date: 10/1/2013 12:00 AM

Project End Date: 9/30/2014 12:00 AM

Business Office Contact: Paula Sorgeloos

Business Office Phone: 1225 ext. 1225

Last Changed By: Mr. Javier Sanchez

Status: Processed

Approved Amount: \$125,500.00

Project Paid: \$124,954.97

Unexpended: \$545.03

Project Contact: Natasha Williams

Project Contact Phone: (586) 749-5104 ext. 1040

Date Last Changed: 11/25/2014 1:41 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
113	Basic Programs – High School	\$7,585.00	\$0.00	\$0.00	\$7,945.10	\$0.00	\$0.00	\$0.00	\$7,945.10
212	Support Services – Pupil – Guidance Services	\$22,600.00	\$0.00	\$0.00	\$21,613.28	\$0.00	\$0.00	\$0.00	\$21,613.28
216	Support Services – Pupil – Social Work Services	\$18,400.00	\$0.00	\$0.00	\$18,400.00	\$0.00	\$0.00	\$0.00	\$18,400.00
219	Support Services – Pupil – Other Pupil Support Services	\$19,000.00	\$0.00	\$0.00	\$19,000.00	\$0.00	\$0.00	\$0.00	\$19,000.00
229	Other Instructional Staff Services	\$43,500.00	\$0.00	\$0.00	\$43,295.29	\$0.00	\$0.00	\$0.00	\$43,295.29
271	Pupil Transportation Services	\$800.00	\$0.00	\$0.00	\$327.50	\$0.00	\$0.00	\$0.00	\$327.50
283	Staff/Personnel Services	\$6,015.00	\$1,000.00	\$370.20	\$5,412.34	\$0.00	\$0.00	\$0.00	\$6,782.54
331	Community Activities	\$7,600.00	\$0.00	\$0.00	\$7,591.26	\$0.00	\$0.00	\$0.00	\$7,591.26
Sub-Total		\$125,500.00	\$1,000.00	\$370.20	\$123,584.77	\$0.00	\$0.00	\$0.00	\$124,954.97

Indirect Cost (: %; 1: %) \$0.00

Grant Total Expenditures \$124,954.97

FINAL EXPENDITURE REPORT

Recipient Code: 50170

Recipient Name: New Haven Community Schools

Grant Number: 141530

Grant Name: Title I Part A

CFDA: 84.010

Project Number: 1314

Approved Amount: \$393,941.00

Revenue Code:

Project Paid: \$332,214.69

Project Start Date: 7/1/2013 12:00 AM

Unexpended: \$61,726.31

Project End Date: 9/30/2014 12:00 AM

Business Office Contact: Paula Sorgeloos

Business Office Phone: 1220 ext. 1220

Project Contact: Shelley Alwardt

Last Changed By: Mr. Javier Sanchez

Project Contact Phone: (586) 783-6300 ext. 1110

Status: Processed

Date Last Changed: 11/25/2014 1:27 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
125	Added Needs – Compensatory Education	\$327,146.00	\$169,885.04	\$90,577.26	\$0.00	\$37,092.80	\$0.00	\$0.00	\$297,555.10
221	Improvement of Instruction	\$28,474.00	\$0.00	\$0.00	\$849.00	\$0.00	\$0.00	\$0.00	\$849.00
226	Supervision and Direction of Instructional Staff	\$29,268.00	\$249.00	\$0.00	\$27,066.20	\$0.00	\$0.00	\$0.00	\$27,315.20
231	Board of Education	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
271	Pupil Transportation Services	\$3,400.00	\$0.00	\$0.00	\$1,315.75	\$0.00	\$0.00	\$0.00	\$1,315.75
283	Staff/Personnel Services	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
331	Community Activities	\$4,603.00	\$240.00	\$86.93	\$0.00	\$3,852.71	\$0.00	\$0.00	\$4,179.64
Sub-Total		\$393,941.00	\$170,374.04	\$90,664.19	\$30,230.95	\$40,945.51	\$0.00	\$0.00	\$332,214.69

Indirect Cost (: %; 1: %) \$0.00

Grant Total Expenditures \$332,214.69

FINAL EXPENDITURE REPORT

Recipient Code: 50170
Grant Number: 141520

Recipient Name: New Haven Community Schools
Grant Name: ESEA Title I-2% Schoolwide Plan Grants

CFDA: 84.010
Project Number: 1314
Revenue Code:
Project Start Date: 7/1/2013 12:00 AM
Project End Date: 9/30/2014 12:00 AM
Business Office Contact: Paula Sorgeloos
Business Office Phone: ext.
Last Changed By: Mr. Javier Sanchez
Status: Processed

Approved Amount: \$6,000.00
Project Paid: \$1,729.46
Unexpended: \$4,270.54

Project Contact: Shelly Alwardt
Project Contact Phone: 586-783-6300 ext.
Date Last Changed: 11/25/2014 1:43 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	\$0.00	\$0.00	\$0.00	\$1,729.46	\$0.00	\$0.00	\$0.00	\$1,729.46
Sub-Total		\$0.00	\$0.00	\$0.00	\$1,729.46	\$0.00	\$0.00	\$0.00	\$1,729.46

Indirect Cost (: %; 1: %) \$0.00
Grant Total Expenditures \$1,729.46

FINAL EXPENDITURE REPORT

FINAL EXPENDITURE REPORT

Recipient Code: 50170
Grant Number: 140520

Recipient Name: New Haven Community Schools
Grant Name: TITLE II PART A

CFDA: 84.367
Project Number: 1314
Revenue Code:
Project Start Date: 7/1/2013 12:00 AM
Project End Date: 9/30/2014 12:00 AM
Business Office Contact: Paula Sorgeloos
Business Office Phone: 1220 ext. 1220
Last Changed By: Mr. Javier Sanchez
Status: Processed

Approved Amount:	\$119,255.00
Project Paid:	\$98,744.69
Unexpended:	\$20,510.31

Project Contact: Shelley Alwardt
Project Contact Phone: (586) 783-6300 ext. 1110
Date Last Changed: 11/25/2014 1:23 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	\$118,258.00	\$59,069.08	\$26,221.59	\$12,262.14	\$194.88	\$0.00	\$0.00	\$97,747.69
371	Non-Public School Pupils	\$997.00	\$0.00	\$0.00	\$997.00	\$0.00	\$0.00	\$0.00	\$997.00
Sub-Total		\$119,255.00	\$59,069.08	\$26,221.59	\$13,259.14	\$194.88	\$0.00	\$0.00	\$98,744.69

Indirect Cost (: %; 1: %) \$0.00
Grant Total Expenditures \$98,744.69

FINAL EXPENDITURE REPORT



RECEIVED
AUG 20 2015
NEW HAVEN SCHOOLS

TO: Cynthia Coughlin
Special Education Director
New Haven Community Schools

FROM: Kathleen Francis
Project Technician

DATE: August 7, 2015

RE: IDEA 2014-15 Pre-School IFER (Interim Federal Expense Report)

The Pre-School IFER for 2014-15 has been completed for your district. Final expenses you entered into the MEGS+ system have been utilized to create this IFER, which covers the time period of July 1, 2014 to June 30, 2015.

Attached is a copy of your current pages contained in the MEGS+ system, as well as a copy of your district's IFER. Please review these pages carefully as this information is being submitted to the Michigan Department of Education (MDE) for approval.

Should you have any questions or require additional information, please contact me at 586.228.3462 or electronically at kfrancis@misd.net.

2014-15 Pre-School Current Approved Allocation	\$41,399
Total Reported Expenses	\$41,399

Copy:
Business Manager ✓
M. Stefanich
T. Koepke
B. Alberti

MEGS+
 Michigan Electronic Grants System *Plus*

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Application: FY 2015 - IFER: Preschool | **Status:** Application In Progress | **Security Level:** MEGS: Level 4 Application Administrator
Description:

Instructions:

- When the IFER was initiated the current approved Budget was pulled into the IFER.
- Indicate yearly expenditure amounts into the appropriate cells on the IFER. Be sure to **Save** when you are finished editing.
- Indirect rate is entered as a dollar amount. Once saved, MEGS+ will check the amount against the approved indirect rate for the agency.
- If there are Grant Members in the grant, enter their expenditures separately. Grant Member expenditures will be displayed on the Fiscal Agent's IFER in the 411, Outgoing Transfer row.
- Update the name of your business and program representatives with phone numbers, as necessary, and click **Save**.
- Check for errors before you **SUBMIT** the IFER. Level 5 personnel must submit the IFER.

NOTE: Once the IFER is started, you can go back to your original application and submit an amended budget, if necessary. Remember, your budget is for 27 months. Your Year 1 IFER is for the first 12 months of the grant. The Year 2 IFER is for the second 12 months of the grant. The Year 3 IFER is for the last 3 months of the grant. All IFERs will be approved by MDE.

Recipient Code	Grant Number	Project Number	CFDA Number	Project Type	Starting Date	Ending Date	Fiscal Year
50170	150460	1415	84.173A	Formula	07/01/2014	06/30/2015	2015
Preschool IFER Year 1: 2014-2015 150460 for New Haven Community Schools							

Function Codes	Program Code	Professionals	Reimb. Aides	Salaries 1000	Benefits 2000	Purchased Services 3000, 4000	Supplies & Materials 5000	Capital Outlay 6000	Other Expenses 7000, 8000	Total Expenditures	Approved Budget Year 1	Approved Budget Total	Deviation Amount
111	Basic Programs - Elementary	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	AI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	ECSEP	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	EI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	HI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	LD	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	LRE Aides	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	MICI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	MoCI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	POHI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	RR	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	SCI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	SLI	0.50	0.00	27,508.00	13,891.00	0.00	0.00	0.00	0.00	\$41,399.00	\$41,399.00	\$41,399.00	\$0.00
122	SXI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
122	VI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
213	HSN	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				
214	PSY	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0.00	\$0.00	\$0.00	\$0.00				

215	SAS									\$0.00	\$0.00	\$0.00	\$0.00
216	SWS									\$0.00	\$0.00	\$0.00	\$0.00
217	VAP									\$0.00	\$0.00	\$0.00	\$0.00
218	ECSES									\$0.00	\$0.00	\$0.00	\$0.00
218	TCAI									\$0.00	\$0.00	\$0.00	\$0.00
218	TCEI									\$0.00	\$0.00	\$0.00	\$0.00
218	TCHI									\$0.00	\$0.00	\$0.00	\$0.00
218	TCLD									\$0.00	\$0.00	\$0.00	\$0.00
218	TCMI									\$0.00	\$0.00	\$0.00	\$0.00
218	TCPOHI									\$0.00	\$0.00	\$0.00	\$0.00
218	TCVI									\$0.00	\$0.00	\$0.00	\$0.00
219	OPSS									\$0.00	\$0.00	\$0.00	\$0.00
219	PE									\$0.00	\$0.00	\$0.00	\$0.00
221	II									\$0.00	\$0.00	\$0.00	\$0.00
226	Supervision and Direction									\$0.00	\$0.00	\$0.00	\$0.00
231	Bd of Ed									\$0.00	\$0.00	\$0.00	\$0.00
271	Pupil Transportation Services									\$0.00	\$0.00	\$0.00	\$0.00
281	PR									\$0.00	\$0.00	\$0.00	\$0.00
283	Staff/Personnel Services									\$0.00	\$0.00	\$0.00	\$0.00
284	DPS									\$0.00	\$0.00	\$0.00	\$0.00
331	PAC									\$0.00	\$0.00	\$0.00	\$0.00
371	Non-Public School Pupils									\$0.00	\$0.00	\$0.00	\$0.00
431	Tuition - MSB									\$0.00	\$0.00	\$0.00	\$0.00
431	Tuition - MSD									\$0.00	\$0.00	\$0.00	\$0.00
SUBTOTAL		0.50	0.00	\$27,508.00	\$13,891.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41,399.00	\$41,399.00	\$41,399.00	
CEIS Expenditures													
CEIS SUBTOTAL													
Indirect Costs \$			0.00										
Enter dollar amount only, do not enter %. Restricted Rate (Max allowed: 1.88%)										\$0.00	\$0.00	\$0.00	\$0.00
TOTAL		0.50	0.00	\$27,508.00	\$13,891.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41,399.00	\$41,399.00	\$41,399.00	
Current Approved Amount											\$41,399.00	\$41,399.00	
Budget Remainder												\$0.00	
Total Deviation Amount													\$0.00
Budget Deviation Percentage												0.00 %	
Allocation Remainder													\$0.00

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New Haven Community Schools - 50170

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Application: FY 2015 - Special Education: Preschool A3 | **Status:** Amendment in Progress | **Security Level:** MEGS: Level 4 Application Administrator
Description:

Recipient Code	Grant Number	Project Number	CFDA Number	Starting Date	Ending Date	Fiscal Year
50170	150460	1415	84.173	07/01/2014	06/30/2016	2015
Preschool for New Haven Community Schools						

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Budget Summary +/- | [Flagged Budget Detail](#) | [Download Budget Detail](#) | Version:

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Func. Code	Description	FTE (Professionals) / FTE (Reimb. Aides)	Salaries Benefits		Purchased Services	Supplies & Materials	Capital Outlay	Other Expenditures	Total
			1000	2000	3000, 4000	5000	6000	7000, 8000	
Year 1									
120	Added Needs								
122 - SLI	S_Cope	0.5 / 0.0	\$27,508	\$13,891					\$41,399
120	Sub-Total	0.5 / 0.0	\$27,508	\$13,891					\$41,399
	Year 1 Indirect Cost	/							\$0
	Year 1 Sub-Total	0.5 / 0.0	\$27,508	\$13,891					\$41,399
	Grand Total	0.5 / 0.0	\$27,508	\$13,891					\$41,399
	Allocation								\$41,399
	Allocation Balance								\$0

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Attachment D

New Haven Community Schools Financial Audit 2014-2015			
Prepared by Plante Moran			
Financial Statements Finding			
Finding Number	Finding Type	Program	Condition as written by auditor
2015-001	Major Noncompliance with laws and regulations		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.
2015-002	Material Noncompliance with laws and regulations		The School District did not advertise bids for certain construction work related to the renovation of an existing building.
Federal Program Audit Findings			
2015-003	Significant Deficiency - Child Nutrition Cluster; National School Breakfast Program (10.533), National School Lunch Program (10.555), 2014-2015, U.S. Department of Agriculture, Michigan Department of Education		The School District did not have a formal review process in place to adequately ensure eligibility and that all applicants were complete.
2015-004	Significant Deficiency - Child Nutrition Cluster; National School Breakfast Program (10.533), National School Lunch Program (10.555), 2014-2015, U.S. Department of Agriculture, Michigan Department of Education		For two of the applications for which the School District attempted to verify income levels, verbal confirmation of the income included in the application was obtained, which is not an acceptable form of verification as per the grant requirements.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: May 2, 2016

TO: Todd R. Robinson, Superintendent
Gina Walker, Board President

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

SUBJECT: Interim Report – New Haven Community Schools

I. Background

On April 15, 2016 the Department of Treasury (the “Department”) initiated a Preliminary Review of the finances of New Haven Community Schools (the “District”) to determine whether or not a school district had probable financial stress. Pursuant to 2015 PA 110, section 4 (2) (b) (MCL 141.1544), the District is statutorily mandated to undergo a preliminary review of its finances to determine the existence of probable financial stress. In part, this section provides that the Department, as the State Financial Authority, shall conduct a preliminary review of any school district that is subject to a Deficit Elimination Plan (DEP) that provides for the elimination of deficit over a period exceeding 5 years.

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

II. Interim Review Findings

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

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

Finding:

The District’s current DEP (attachment A) approved by the Michigan Department of Education on November 2, 2015 and extends through the end of 2015-2016 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 \$12,823,108 for the 2015-2016 fiscal year. The District's total projected fund balance for 2015-16 is \$45,938 indicating a positive ending fund balance.

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 variances on FER for grants with federal funds (attachment C).
- d) District is in violation of the UBAA when it began spending outside the appropriations established by its board's adopted budget.
- e) The District received 4 audit findings for the 2014-2015 year (attachment D):
 - 1 Major Noncompliance Financial Statements
 - 1 Material Noncompliance Financial Statements
 - 2 Significant Deficiency 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 is projected to end the 2015-16 year with a positive fund balance.
- b) No deficiency noted.
- c) No deficiency noted.

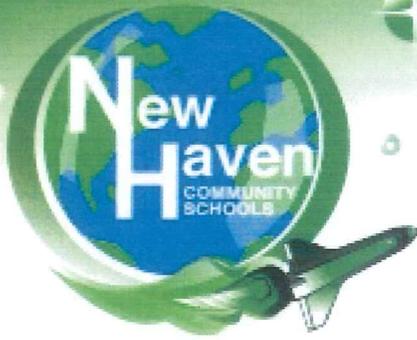
The District does not meet this criteria.

Other Findings:

There is ongoing litigation that may negatively impact the general fund balance.

The District has five days to respond to these findings. Any comments the District would like to provide to the Department are due May 9, 2016. Please send documents and questions to Alistair Ritchie, at RitchieA@Michigan.gov or by phone (517)335-3247.

- cc. Sue Simon, Board Vice President, New Haven Community Schools
Regina Patton, Board Secretary, New Haven Community Schools
Tracy Bonkowski, Board Treasurer, New Haven Community Schools
Tanya France, Board Trustee, New Haven Community Schools
Andrew Osterholm, Board Trustee, New Haven Community Schools
Michael Packer, Board Trustee, New Haven Community Schools
Michael R. DeVault, Superintendent, Macomb ISD
Brian J Whiston, State Superintendent, Michigan Department of Education
Kyle Guerrant, Deputy Superintendent, Administrative Services, Michigan Department of Education
Dan Hanrahan, Director, State Aid and School Finances, Michigan Department of Education
Ken Goike, State Representative, Michigan House of Representatives
Jack Brandenburg, State Senator, Michigan Senate
Harlin Goodrich, Secretary, Local Emergency Financial Assistance Loan Board



Todd R. Robinson- Superintendent

May 9, 2016

State of Michigan
Department of Treasury

We are in receipt of the Department of Treasury's Interim Report dated May 2, 2016. We understand that your preliminary review of the finances of New Haven Community School (NHCS) was made in part to determine whether the NHCS District had probable fiscal stress, pursuant to Public Act 110 of 2015.

As detailed in your interim report, we are pleased that the NHCS District does not meet the established criteria in any of the four areas reviewed by Treasury.

The New Haven community remains very supportive of the Board of Education, the Superintendent and Administrators in their efforts to work toward a sound financial basis from which the New Haven Community schools can return to fiscal stability. New Haven Community Schools contracts its business operations through L'Anse Creuse Public Schools (LCPS) under a shared services agreement. It has been my privilege as Director for Finance at LCPS to serve as the business manager of NHCS as they work through these financially difficult times.

The NHCS District has worked closely with our auditors, Plante and Moran, to correct all financial statement findings as reported in the June 30, 2015 financial audit.

Regarding the, "other finding", the NHCS District may not be able to totally eliminate the deficit as projected by June 30, 2016 due to termination of a contract with a virtual school. We will continue to work closely with the Michigan Department of Education and Treasury throughout this process to resolve and additional deficiency caused in the circumstances.

It is our intention to continue to provide timely and accurate reports and maintain an open line of communication with Treasury and the Michigan Department of Education throughout this process.

Should you have any further questions or require additional information in this matter, please contact me directly at (586) 783-6300, Ext 1205.

Thank you

A handwritten signature in black ink, appearing to read "TRR", with a horizontal line extending to the right.

Todd R. Robinson
Superintendent
New Haven Community Schools

Thank you,

A handwritten signature in black ink, appearing to read "Robert J Lenhardt", with a long, sweeping horizontal line extending to the right.

Robert J Lenhardt,
Director for Finance

Cc: Alistar Ritchie, Michigan Department of Education