

# **Allen Park Public Schools**

---

**Federal Awards  
Supplemental Information  
June 30, 2017**

# Allen Park Public Schools

---

## Contents

### Independent Auditor's Reports:

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	I
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance	4-5
Schedule of Expenditures of Federal Awards	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-13

Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance  
Independent Auditor's Report

To the Board of Education  
Allen Park Public Schools

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allen Park Public Schools (the "School District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 30, 2017, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 30, 2017.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

October 30, 2017

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Education  
Allen Park Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allen Park Public Schools (the "School District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 30, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Allen Park Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Findings 2017-001, 2017-002, and 2017-003 in the accompanying schedule of findings and questioned costs to be material weaknesses.

To Management and the Board of Education  
Allen Park Public Schools

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Allen Park Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Allen Park Public Schools' Responses to Findings**

Allen Park Public Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Allen Park Public Schools' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 30, 2017

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance  
Independent Auditor's Report

To the Board of Education  
Allen Park Public Schools

**Report on Compliance for Each Major Federal Program**

We have audited Allen Park Public Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2017. Allen Park Public Schools' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Allen Park Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allen Park Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Allen Park Public Schools' compliance.

To the Board of Education  
Allen Park Public Schools

### ***Opinion on Each Major Federal Program***

In our opinion, Allen Park Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Allen Park Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Allen Park Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 30, 2017

# Allen Park Public Schools

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Program Title/Project Number/Subrecipient Name	CFDA Number	Grant/Project Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Clusters:										
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through Wayne County RESA:										
Medicaid Outreach 2015-2016	93.778	N/A	\$ 10,673	\$ 4,449	\$ -	\$ -	\$ 4,688	\$ 4,688	\$ -	\$ -
Medicaid Outreach 2016-2017		N/A	10,000	-	-	-	8,809	8,809	-	-
Total Medicaid Outreach			20,673	4,449	-	-	13,497	13,497	-	-
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) - Entitlement commodities 2016-2017										
Noncash Assistance Subtotal	10.555	N/A	65,179	-	-	-	65,179	65,179	-	-
Cash Assistance:										
National School Breakfast Program 2016-2017	10.553	161970/171970	78,348	-	-	-	78,348	78,348	-	-
National School Lunch Program 2016-2017	10.555	161960/17160	466,872	-	-	-	466,872	466,872	-	-
Cash assistance subtotal			545,220	-	-	-	545,220	545,220	-	-
Total Child Nutrition Cluster			610,399	-	-	-	610,399	610,399	-	-
Special Education Cluster - U.S. Department of Education - Passed through Wayne County RESA:										
Special Education - Grants to States (IDEA, Part B):										
Project number 160450-1516 Flowthrough	84.027	160450-1516	863,154	863,154	194,496	-	194,496	-	-	-
Project number 160450-1617 Flowthrough		160450-1617	912,870	-	-	-	690,387	900,096	209,709	-
Total Special Education - Grants to States (IDEA, Part B)			1,776,024	863,154	194,496	-	884,883	900,096	209,709	-
Special Education - Preschool Grants (IDEA Preschool):										
Project number 160460-1516	84.173	160460-1516	26,752	26,752	11,022	-	11,022	-	-	-
Project number 160460-1617		160460-1617	25,671	-	-	-	14,186	25,671	11,485	-
Total Preschool Incentive			52,423	26,752	11,022	-	25,208	25,671	11,485	-
Total Special Education Cluster			1,828,447	889,906	205,518	-	910,091	925,767	221,194	-

See Notes to Schedule of Expenditures of Federal Awards.

# Allen Park Public Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

Program Title/Project Number/Subrecipient Name	CFDA Number	Grant/Project Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Other federal awards:										
U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I, Part A:										
Project number 161530-1516	84.010	161530	\$ 231,832	\$ 231,832	\$ 15,537	\$ -	\$ 15,537	\$ -	\$ -	\$ -
Project number 161530-1617	84.010	171530	229,406	-	-	-	166,228	230,821	64,593	-
Total Title I, Part A			461,238	231,832	15,537	-	181,765	230,821	64,593	-
Title II, Part A:										
Project number 160520-1516	84.367	160520	72,618	68,201	36,258	-	40,675	4,417	-	-
Project number 160520-1617		170520	56,573	-	-	-	34,245	33,262	(983)	-
Total Title II, Part A			129,191	68,201	36,258	-	74,920	37,679	(983)	-
Total U.S. Department of Education noncluster programs passed through the Michigan Department of Education			590,429	300,033	51,795	-	256,685	268,500	63,610	-
Total federal awards			<u>\$ 3,049,948</u>	<u>\$ 1,194,388</u>	<u>\$ 257,313</u>	<u>\$ -</u>	<u>\$ 1,790,672</u>	<u>\$ 1,818,163</u>	<u>\$ 284,804</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

# Allen Park Public Schools

---

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Allen Park Public Schools under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Allen Park Public Schools, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Allen Park Public Schools.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The School District has elected to not use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

### **Note 3 - Grant Auditor Report**

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

### **Note 4 - Noncash Assistance**

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

# Allen Park Public Schools

## Schedule of Findings and Questioned Costs Year Ended June 30, 2017

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?

Yes  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

# Allen Park Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2017-001	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - The School District is required to perform timely reconciliations of its bank accounts and ensure that all reconciling items are properly recorded and resolved.</p> <p><b>Condition</b> - The School District did not timely and properly record and resolve all reconciling items within its bank accounts, which led to audit adjustments that were not detected by management. This finding was first identified during the year ended June 30, 2016 (see Finding 2016-001).</p> <p><b>Context</b> - The School District did not properly record reconciling activity in the bank reconciliations for June 2017 and bank reconciliations were not performed timely.</p> <p><b>Cause</b> - Bank reconciliation functions are performed by two individuals, each under different methods, and the process did not incorporate all activity, leading to the adjustments identified.</p> <p><b>Effect</b> - The School District did not have a true reflection as to what reconciling items should have been included in the bank reconciliation and a timely review of its cash accounts was not performed.</p> <p><b>Recommendation</b> - The School District should have a single person prepare bank reconciliations to ensure that all reconciling items are properly accounted for and adjusted in the underlying accounting records. The reconciliations should also be reviewed timely and evidence of that review should be written.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The School District agrees that the current process needs to be refined and performed more timely. Bank statement reconciliations are now completed by one individual and reviewed by the director of finance.</p>

# Allen Park Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-002	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - The School District's internal control structure should ensure that financial information is complete, accurate, and made available to management and those charged with governance in a timely and orderly manner.</p> <p><b>Condition</b> - The School District's books and records for the 2017 fiscal year were not reconciled and closed in a timely manner. As a result, closing procedures took place throughout the duration of the audit and several balances were identified by either the School District or as part of the audit process to be improperly recorded or not recorded at all. The auditor identified and proposed certain adjustments (which were approved and posted by management) to adjust the School District's general ledger to the appropriate balance. This finding was first identified during the year ended June 30, 2015 (see Finding 2015-001).</p> <p><b>Context</b> - The failure to reconcile accounts resulted in an understatement of revenue in the General Fund of approximately \$231,000, an understatement of receivables of approximately \$509,000, an understatement of liabilities of approximately \$761,000 and understatement of expenditures of approximately \$484,000. The impact on the Debt Service Fund was an understatement of liabilities and expenditures of approximately \$102,000. All amounts have been corrected.</p> <p><b>Cause</b> - The School District failed to analyze state aid revenue accounts, federal revenue accounts and interdistrict revenue accounts and the related receivables, unearned revenue, and unavailable revenue. Additionally, the School District improperly reconciled expenditures to budgeted amounts rather than recording actual results, which also impacted related payables. Finally, the School District recorded transactions around the bond refunding in the debt fund improperly.</p> <p><b>Effect</b> - The School District did not have the time or resources available to adequately close its books in a timely manner. As a result, the aforementioned balances were not reconciled properly prior to the commencement of audit procedures. In addition, assistance was provided to the School District to recommend several adjustments needed to properly record several of the balances noted above at June 30, 2017.</p>

# Allen Park Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-002 (cont.)	<p><b>Recommendation</b> - We recommend that the School District review its business office personnel and accounting procedures to make certain that it has allocated the necessary time and resources to ensure that all long-term liability and other fund-level balance sheet account reconciliations are completed accurately and timely during the closing process, prior to the commencement of the annual audit.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Year-end close out of all funds has been reviewed and corrected. Any issues have been corrected and general ledger accounts will be reviewed in more detail going forward.</p>

Reference Number	Finding
2017-003	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - Segregation of duties is an important part of internal control that reduces the risk of fraudulent transactions or accounting errors by limiting the access that individuals have to only segments of a transaction and providing for appropriate review and approval of accounting records.</p> <p><b>Condition</b> - Bank reconciliations are being performed by two individuals that have the ability to post journal entries, have access to the physical check stock, have access to the physical check stamp, have the ability to create new vendors, have the ability to add new employees within the payroll system and have access to the School District's credit card. Additionally, one of these individuals also is a signer on the bank accounts.</p> <p><b>Context</b> - The lack of segregation of duties could affect all transactions recorded in the finance system during the period of deficiency.</p> <p><b>Cause</b> - The School District has a limited number of individuals in the business office.</p> <p><b>Effect</b> - The lack of segregation of duties could limit the School District's ability to reliably prevent or detect erroneous or inappropriate activity, including misappropriation of cash, in a timely manner.</p> <p><b>Recommendation</b> - We recommended that policies and procedures be implemented to increase the segregation of duties in the finance function.</p>

# Allen Park Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-003 (cont.)	<b>Views of Responsible Officials and Planned Corrective Actions</b> - The School District agrees that the current process needs to be refined and certain duties segregated in order to increase internal control.

### Section III - Federal Program Audit Findings

None