

# **Allen Park Public Schools**

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**Federal Awards  
Supplemental Information  
June 30, 2016**

# Allen Park Public Schools

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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 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, 2016 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 11, 2016, 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 11, 2016.

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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 11, 2016

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, 2016, 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 11, 2016.

**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 as Findings 2016-001, 2016-002, and 2016-003 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' Response 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' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 11, 2016

Report on Compliance for the 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 the 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, 2016. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Allen Park Public Schools' major federal program 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 the 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, 2016.

### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 11, 2016

# Allen Park Public Schools

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2016
<b>Clusters:</b>									
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through Wayne County RESA - Medicaid Outreach 2015-2016									
	N/A	93.778	\$ 10,673	\$ -	\$ -	\$ -	\$ 4,449	\$ 4,449	\$ -
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:									
Noncash Assistance (Commodities) - Entitlement commodities 2015-2016									
	N/A	10.555	69,858	-	-	-	69,858	69,858	-
Cash Assistance:									
National School Lunch Program 2015-2016									
	161970	10.555	495,931	-	-	-	495,931	495,931	-
National School Breakfast Program 2015-2016									
	161960	10.553	76,163	-	-	-	76,163	76,163	-
Cash assistance subtotal									
			572,094	-	-	-	572,094	572,094	-
Total Child Nutrition Cluster									
			641,952	-	-	-	641,952	641,952	-
Special Education Cluster - U.S. Department of Education - Passed through Wayne County RESA:									
Special Education - Grants to States (IDEA, Part B):									
Project number 150450-1415 Flowthrough									
	150450	84.027	780,462	780,462	378,198	-	378,198	-	-
Project number 160450-1516 Flowthrough									
	160450	84.027	863,154	-	-	-	668,658	863,154	194,496
Total Special Education - Grants to States (IDEA, Part B)									
			1,643,616	780,462	378,198	-	1,046,856	863,154	194,496
Special Education - Preschool Grants (IDEA Preschool):									
Project number 150460-1415									
	150460	84.173	25,560	25,560	25,560	-	25,560	-	-
Project number 160460-1516									
	160460	84.173	26,752	-	-	-	15,730	26,752	11,022
Total Preschool Incentive									
			52,312	25,560	25,560	-	41,290	26,752	11,022
Total Special Education Cluster									
			1,695,928	806,022	403,758	-	1,088,146	889,906	205,518

See Notes to Schedule of Expenditures of Federal Awards.

# Allen Park Public Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2016
Other federal awards:									
U.S. Department of Education - Passed through the Michigan Department of Education:									
Title I, Part A - Project number 151530-1415	151530	84.010	\$ 263,001	\$ 253,875	\$ 103,586	\$ -	\$ 107,106	\$ 3,520	\$ -
Title I, Part A - Project number 161530-1516	161530	84.010	<u>231,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,295</u>	<u>231,832</u>	<u>15,537</u>
Total Title I, Part A			<u>494,833</u>	<u>253,875</u>	<u>103,586</u>	<u>-</u>	<u>323,401</u>	<u>235,352</u>	<u>15,537</u>
Title II, Part A:									
Project number 150520-1415	152520	84.367	77,417	56,680	11,606	-	11,606	-	-
Project number 160520-1516	160520	84.367	<u>72,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,943</u>	<u>68,201</u>	<u>36,258</u>
Total Title II, Part A			<u>150,035</u>	<u>56,680</u>	<u>11,606</u>	<u>-</u>	<u>43,549</u>	<u>68,201</u>	<u>36,258</u>
Total U.S. Department of Education noncluster programs passed through the Michigan Department of Education			<u>644,868</u>	<u>310,555</u>	<u>115,192</u>	<u>-</u>	<u>366,950</u>	<u>303,553</u>	<u>51,795</u>
Total federal awards			<u>\$ 2,993,421</u>	<u>\$ 1,116,577</u>	<u>\$ 518,950</u>	<u>\$ -</u>	<u>\$ 2,101,497</u>	<u>\$ 1,839,860</u>	<u>\$ 257,313</u>

See Notes to Schedule of Expenditures of Federal Awards.

# Allen Park Public Schools

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## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

### **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, 2016. 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 not elected to 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, 2016

### 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, 2016

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2016-001	<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.</p> <p><b>Context</b> - The School District did not properly record reconciling activity in the bank reconciliations for June 2016 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, 2016

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

Reference Number	Finding
2016-002	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - The School District is required to maintain adequate records of capital assets for the government-wide statements, including depreciation, in addition to adhering to the board-approved capitalization policy.</p> <p><b>Condition</b> - The School District did not properly record a disposal of capital assets and failed to identify significant expenditures that should have been capitalized in accordance with the School District's capitalization policy.</p> <p><b>Context</b> - A number of adjustments were made to capital assets which affected the reported cost, accumulated depreciation, and depreciation expense.</p> <p><b>Cause</b> - An adequate review and reconciliation of capital asset balances was not performed, which resulted in items not being capitalized and associated depreciation expense needing to be adjusted.</p> <p><b>Effect</b> - The failure to adequately review and reconcile capital asset balances resulted in a net understatement of assets on the statement of net position of approximately \$452,000, an overstatement of expenses of approximately \$624,000, and an overstatement of accumulated depreciation of approximately \$172,000. At June 30, 2016, approximately \$97,000 related to the understatement of assets and overstatement of expenses was corrected and approximately \$172,000 related to the overstatement of accumulated depreciation and expenses was also corrected.</p> <p><b>Recommendation</b> - Capital assets should be reconciled to detailed records annually and a periodic review of all capital outlay expenditures should be performed to ensure that all appropriate costs have been capitalized on the government-wide statements.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The School District agrees that an annual reconciliation should be performed in order to appropriately reflect capital assets in the government-wide statements. The disposal of assets was corrected. The proper account numbers and amounts have been input into the fixed asset software to eliminate any future missed asset additions.</p>

# Allen Park Public Schools

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

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

Reference Number	Finding
2016-003	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - The School District is required to ensure that revenue, receivables, liabilities, and expenses are properly stated.</p> <p><b>Condition</b> - During the audit, it was noted that revenue, expenditures, and receivables had not been properly recorded and that interfund payables and receivables were not properly balanced.</p> <p><b>Context</b> - Revenue, receivables, payables, and expenses had not been properly recorded at the School District.</p> <p><b>Cause</b> - The School District failed to analyze state aid revenue accounts, receivables, and interfund payable and receivable accounts to ensure that all revenue, receivables, liabilities, and expenses were properly recorded in the general ledger and that interfund balances agreed to one another.</p> <p><b>Effect</b> - The failure to reconcile accounts resulted in an original understatement of revenue in the General Fund of approximately \$258,400, an understatement of receivables of approximately \$663,400, and an understatement of liabilities and expenses of approximately \$462,000 - of which the revenue, receivables, and \$38,000 of the liabilities and expenses have been corrected.</p> <p><b>Recommendation</b> - General ledger accounts should be reconciled on a timely basis and transactions should be properly analyzed to ensure that the correct amounts are being recorded.</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>

### Section III - Federal Program Audit Findings

None

# Allen Park Public Schools

## Summary Schedule of Prior Audit Findings Year Ended June 30, 2016

<u>Prior Year Finding Number</u>	<u>Fiscal Year in Which the Finding Initially Occurred</u>	<u>Federal Program, CFDA Number, and Name</u>	<u>Original Finding Description</u>	<u>Status/Partial Corrective Action (as Applicable)</u>	<u>Planned Corrective Action (if Finding Not Corrected)</u>
2015-001	2014	N/A	The School District had various entries posted subsequent to the June 30, 2015 year end affecting accrued liabilities and compensation, revenue, and expenditures.	Partially corrected	