

Allen Park Public Schools

**Federal Awards
Supplemental Information
June 30, 2014**

Allen Park Public Schools

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133
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, 2014, 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 13, 2014, 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 13, 2014.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 13, 2014

**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, 2014, 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 13, 2014.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These findings are referenced as 2014-001 and 2014-002 in the accompanying schedule of findings and questioned costs.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 13, 2014

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) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Allen Park Public Schools' major federal programs are 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 each of its federal programs.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

Allen Park Public Schools' response to the noncompliance finding identified in our audit is 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 compliance and, accordingly, we express no opinion on it.

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 OMB Circular A-133, 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.

To the Board of Education
Allen Park Public Schools

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-003, that we consider to be a significant deficiency.

Allen Park Public Schools' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Allen Park Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 13, 2014

Allen Park Public Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2013	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2014
Clusters:								
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through Wayne County RESA -								
Medicaid Outreach 2013-2014	93.778	\$ 18,259	\$ -	\$ -	\$ -	\$ 18,259	\$ 18,259	\$ -
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:								
Noncash Assistance (Commodities) -								
Entitlement commodities 2013-2014	10.555	84,722	-	-	-	66,546	66,546	-
Cash Assistance:								
National School Breakfast Program 2012-2013	10.553	94,269	94,269	4,114	-	4,114	-	-
National School Lunch Program 2012-2013	10.555	498,930	498,930	14,597	-	14,597	-	-
National School Breakfast Program 2013-2014	10.553	89,893	-	-	-	89,893	89,893	-
National School Lunch Program 2013-2014	10.555	521,720	-	-	-	521,720	521,720	-
Cash assistance subtotal		1,204,812	593,199	18,711	-	630,324	611,613	-
Total Child Nutrition Cluster		1,289,534	593,199	18,711	-	696,870	678,159	-
Special Education Cluster - U.S. Department of Education - Passed through Wayne County RESA:								
Special Education - Grants to States (IDEA, Part B):								
Project number 130450-1213 Flowthrough	84.027	683,400	683,400	197,340	-	197,340	-	-
Project number 140450-1314 Flowthrough		766,071	-	-	-	639,581	766,071	126,490
Total Special Education - Grants to States (IDEA, Part B)		1,449,471	683,400	197,340	-	836,921	766,071	126,490
Special Education - Preschool Grants (IDEA Preschool):								
Project number 130460-1213	84.173	26,286	25,803	11,719	-	12,202	483	-
Project number 140460-1314		28,116	-	-	-	28,116	28,116	-
Total Preschool Incentive		54,402	25,803	11,719	-	40,318	28,599	-
Total Special Education Cluster		1,503,873	709,203	209,059	-	877,239	794,670	126,490

See Notes to Schedule of Expenditures
of Federal Awards.

Allen Park Public Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2014

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2013	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2014
Other federal awards:								
U.S. Department of Education - Passed through the Michigan Department of Education:								
Department of Education:								
Title I, Part A - Project number 131530-1213		\$ 243,234	\$ 211,420	\$ 36,464	\$ -	\$ 63,691	\$ 27,227	\$ -
Title I, Part A - Project number 141530-1314	84.010	246,663	-	-	-	184,929	220,593	35,664
Total Title I, Part A		489,897	211,420	36,464	-	248,620	247,820	35,664
Title II, Part A:	84.367							
Project number 130520-1213		78,375	49,625	3,815	-	15,148	11,333	-
Project number 140520-1314		77,352	-	-	-	56,358	63,405	7,047
Total Title II, Part A		155,727	49,625	3,815	-	71,506	74,738	7,047
Total U.S. Department of Education noncluster programs passed through the Michigan Department of Education		645,624	261,045	40,279	-	320,126	322,558	42,711
Total federal awards		<u>\$ 3,457,290</u>	<u>\$ 1,563,447</u>	<u>\$ 268,049</u>	<u>\$ -</u>	<u>\$ 1,912,494</u>	<u>\$ 1,813,646</u>	<u>\$ 169,201</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, 2014

Note 1 - Basis of Presentation and Significant Accounting Policies

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, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 position, or cash flows, if applicable, of Allen Park Public Schools. Pass-through entity identifying numbers are presented where available.

Note 2 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

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.

Allen Park Public Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2014

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 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Allen Park Public Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2014

Section II - Financial Statement Audit Findings

Reference
Number

Finding

2014-001 **Finding Type** - Material Weakness

Criteria - The School District is required to perform reconciliations of its bank accounts in a timely manner and ensure that reconciling differences are properly recorded and resolved.

Condition - The School District was not able to properly record and resolve all reconciling items in the General Fund account which led to the School District not performing a timely bank reconciliation for the June 2014 General Fund.

Context - The School District did not properly record reconciling activity in the General Fund bank reconciliation for June 2014.

Cause - Due to new procedures and allocation of related duties within the business office, the June 2014 bank reconciliation was not prepared and reconciled on a timely basis.

Effect - The School District did not have a true reflection as to what reconciling items should have been included in the bank reconciliation to get to the general ledger balance.

Recommendation - The School District should prepare bank reconciliations timely and ensure that all reconciled items are accounted for. The reconciliations should also be reviewed timely to ensure all activity is properly accounted for.

Views of Responsible Officials and Planned Corrective Actions - The General Fund bank account has been timely reviewed on a go-forward basis and procedures are being put in place to ensure that all reconciling items are properly accounted for on a monthly basis.

Allen Park Public Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2014

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
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2014-002 **Finding Type** - Material Weakness

Criteria - AU 265, *Communicating Internal Control Related Matters Identified in an Audit*, requires auditors to evaluate entries posted subsequent to year end and assess whether the entries are period-end closing, cut-off entries, or entries that should have been recorded throughout the year.

Condition - The School District had various entries posted subsequent to the June 30, 2014 year-end affecting accrued liabilities, deferred revenue, equity, and revenue.

Context - A number of adjustments were identified by the auditors and made to the general ledger subsequent to year end to reconcile account balances as a result of the audit.

Cause - The number and nature of adjustments prevented an accurate and timely close of the books and records at year end.

Effect - The adjustments had the following effect on year-end account balances; unearned revenue and accounts receivable adjustments resulted in revenue and accounts receivable being understated by \$72,000, expenditures and liabilities were understated by \$21,000, and capital outlay was overstated and fund balance understated by \$415,000.

Recommendation - General ledger accounts should be reconciled on a timely basis and transactions should be properly analyzed to ensure the correct amounts are being recorded; this would prevent adjustments subsequent to year end being identified as a result of the audit.

Views of Responsible Officials and Planned Corrective Actions - The School District is in the process of implementing procedures to ensure the director of finance is able to review and analyze monthly reconciliations and book any adjustments before the audit begins.

Allen Park Public Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2014

Section III - Federal Program Audit Findings

Reference Number	Finding
2014-003	<p>Program Name - IDEA Flowthrough CPA (CFDA #84.027) and IDEA Preschool (CFDA #84.173)</p> <p>Pass-through Entity - Wayne RESA</p> <p>Finding Type - Significant Deficiency and Material Noncompliance with Laws and Regulations</p> <p>Criteria - The School District is required to obtain certifications semiannually for individuals working solely on a single federal award or cost objective to certify their time spent on the grant. The certification must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee in accordance with OMB Circular A-87.</p> <p>Condition - The School District failed to obtain semi-annual certifications for individuals working in a single cost objective whose time was charged to the grant.</p> <p>Questioned Costs - None</p> <p>Context - Of the eight employees working under the IDEA federal grant, two employees did not have the required semiannual certifications. These employees were the only employees to work under both the IDEA Flowthrough CPA and IDEA Preschool grants.</p> <p>Cause and Effect - Individuals charging time to the grant were not appropriately tracked. As a result, the certifications were not completed and maintained throughout the year. Other supporting documentation was reviewed to determine that costs charged were allowable.</p> <p>Recommendation - Management should ensure that all semi-annual certifications are maintained for the appropriate individuals.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The School District's director of finance will implement procedures during fiscal year 2015 to ensure that all semi-annual time certifications are maintained for employees as appropriate.</p>

Allen Park Public Schools

Summary Schedule of Prior Audit Findings Year Ended June 30, 2014

<u>Prior Year Finding Number</u>	<u>Federal Program</u>	<u>Original Finding Description</u>	<u>Status</u>	<u>Planned Corrective Action</u>
2013-001	N/A	The School District did not accurately and timely prepare the compensated absences liability calculation.	Fully Corrected	N/A
2013-002	N/A	The School District did not perform timely bank reconciliations for the flexible spending account and was not able to fully reconcile the General Fund.	Partially Corrected	See 2014-001
2013-003	N/A	The School District failed to analyze revenue accounts to ensure that any revenue that is received in advance was expended before year end. Items that were not expended should have been recorded as unearned revenue at year end.	Not Corrected	See 2014-002