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# Allen Park Public Schools

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**Federal Awards  
Supplemental Information  
June 30, 2018**

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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, 2018 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 23, 2018, 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 23, 2018.

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 23, 2018

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 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, 2018 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 23, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's 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 first paragraph of this section 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, we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, 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 the accompanying schedule of findings and questioned costs (Findings 2018-001 and 2018-002) to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's 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*.

To Management and the Board of Education  
Allen Park Public Schools

**The School District's Responses to Findings**

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School District's 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 23, 2018

## Report on Compliance for Each Major Federal Program and 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 the School District's major federal program for the year ended June 30, 2018. The School District's 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 the School District's 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 the School District's 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 the School District's compliance.

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

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2018.

#### Report on Internal Control Over Compliance

Management of the School District 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 the School District's 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.

To the Board of Education  
Allen Park Public Schools

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 23, 2018

# Allen Park Public Schools

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2017	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2018	Current Year Cash Transferred to Subrecipients
Clusters:										
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through Wayne County RESA - Medicaid Cluster	N/A	93.778	\$ 15,815	\$ -	\$ -	\$ -	\$ 8,834	\$ 11,649	\$ 2,815	\$ -
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education: Noncash Assistance (Commodities) - Entitlement Commodities	N/A	10.555	61,052	-	-	-	61,052	61,052	-	-
Cash Assistance:										
National School Lunch Program:										
2016-17	171960	10.555	516,263	466,872	-	-	49,391	49,391	-	-
2017-18	181960	10.555	<u>508,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,435</u>	<u>459,590</u>	<u>22,155</u>	<u>-</u>
Total National School Lunch Program (incl. commodities)		10.555	1,086,296	466,872	-	-	547,878	570,033	22,155	-
National School Breakfast Program:										
2016-17	171970	10.553	85,828	78,348	-	-	7,480	7,480	-	-
2017-18	181970	10.553	<u>83,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,815</u>	<u>76,250</u>	<u>4,435</u>	<u>-</u>
Total National School Breakfast Program		10.553	<u>169,558</u>	<u>78,348</u>	<u>-</u>	<u>-</u>	<u>79,295</u>	<u>83,730</u>	<u>4,435</u>	<u>-</u>
Total Child Nutrition Cluster			1,255,854	545,220	-	-	627,173	653,763	26,590	-
Special Education Cluster - U.S. Department of Education - Passed through the Wayne County RESA - Special Education:										
Grants to States (IDEA, Part B):										
Flowthrough - 2016-17	170450-1617	84.027	912,870	900,096	209,709	12,774	222,483	-	-	-
Flowthrough - 2017-18	180450-1718	84.027	<u>899,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,192</u>	<u>855,978</u>	<u>433,786</u>	<u>-</u>
Total Grants to States (IDEA, Part B)		84.027	1,812,043	900,096	209,709	12,774	644,675	855,978	433,786	-
Preschool Grants (IDEA Preschool):										
IDEA Preschool 1617	170460-1617	84.173	25,671	25,671	11,485	-	11,485	-	-	-
IDEA Preschool 1718	180460-1718	84.173	<u>27,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,517</u>	<u>27,626</u>	<u>5,109</u>	<u>-</u>
Total IDEA Preschool Incentive		84.173	<u>53,297</u>	<u>25,671</u>	<u>11,485</u>	<u>-</u>	<u>34,002</u>	<u>27,626</u>	<u>5,109</u>	<u>-</u>
Total Special Education Cluster			1,865,340	925,767	221,194	12,774	678,677	883,604	438,895	-

# Allen Park Public Schools

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2018

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2017	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2018	Current Year Cash Transferred to Subrecipients
Other federal awards - U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I - Part A:										
Project Number 171530 1617	171530-1617	84.010	\$ 229,189	\$ 230,821	\$ 64,593	\$ (1,632)	\$ 62,961	\$ -	\$ -	\$ -
Project Number 181530 1718	181530-1718	84.010	255,941	-	-	-	122,963	232,958	109,995	-
Total Title I, Part A		84.010	485,130	230,821	64,593	(1,632)	185,924	232,958	109,995	-
Title II - Part A:										
Project Number 170520 1617	170520-1617	84.367	56,573	37,679	(983)	6,370	5,387	-	-	-
Project Number 180520 1718	180520-1718	84.367	103,145	-	-	-	52,184	65,390	13,206	-
Total Title II, Part A		84.367	159,718	37,679	(983)	6,370	57,571	65,390	13,206	-
Title IV - Part A: SSAE - Project Number 180750 1718	180750-1718	84.424	10,000	-	-	-	-	9,705	9,705	-
Total U.S. Department of Education noncluster programs			654,848	268,500	63,610	4,738	243,495	308,053	132,906	-
Total federal awards			\$ 3,791,857	\$ 1,739,487	\$ 284,804	\$ 17,512	\$ 1,558,179	\$ 1,857,069	\$ 601,206	\$ -

**Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2018**

**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 (the "School District") under programs of the federal government for the year ended June 30, 2018. The information in the 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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

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

Expenditures reported in 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, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 not to use the 10 percent *de minimis* 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.

**Note 5 - Adjustments and Transfers**

During the year ended June 30, 2018, there were transfers and adjustments related to prior year grant expenditures.

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## Schedule of Findings and Questioned Costs

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**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2018**

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

Noncompliance material to financial statements noted?        Yes   X   None reported

**Federal Awards**

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?        Yes   X   No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.027, 84.173	Special Education Cluster	Unmodified

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

Auditee qualified as low-risk auditee?        Yes   X   No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2018

Section II - Financial Statement Audit Findings

Reference Number	Finding
2018-001	<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> - Several account balances in the School District's books and records for the 2018 fiscal year were not reconciled and closed prior to commencement of the audit and, thus, were identified by either the School District or as part of the audit process to be improperly recorded. Several adjustments and reclassifications to the School District's general ledger were discussed with management during our audit process; these were either recorded by management as a result or were proposed and not recorded by management due to the assertion that they are not significant to the financial statements. Additionally, there were several modifications made to the schedule of expenditures of federal awards during the audit process as a result of the aforementioned adjustments to financial statement account balances. Similar conditions existed during the year ended June 30, 2015 (2015-001) and also recurred during the years ended June 30, 2016 (2016-003) and 2017 (2017-002).</p> <p><b>Context</b> - Adjustments and reclassifications that were identified during the audit, either by management or as a result of audit procedures, impacted expenditures, revenue, assets, and liabilities within the School District's governmental funds. These adjustments and reclassifications were corrected by management and are reflected in the School District's June 30, 2018 governmental fund financial statements. There were also modifications made to the schedule of expenditures of federal awards as a result of the financial statements adjustments.</p> <p>Additionally, there were proposed adjustments identified during the audit that were not recorded by the School District due to management's assertion that the proposed adjustments are immaterial to the particular classes of transactions, account balances, and disclosures to which they relate and to the School District's financial statements, both individually and in aggregate.</p> <p><b>Cause</b> - The School District did not have controls and processes in place to analyze, adjust, and independently review account balances prior to commencement of the audit.</p> <p><b>Effect</b> - Account balances were not completely reconciled and adjusted prior to the commencement of the audit.</p> <p><b>Recommendation</b> - We recommend that the School District continue to review and revise its year-end closing accounting procedures and controls to make certain that all account balances and the schedule of expenditures of federal awards are completely and accurately reconciled and reviewed prior to the commencement of the annual audit.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The School District agrees that all adjustments, schedules, and account balance reconciliations should be completed before the year-end audit process. The School District continues to use its resources to adequately review and revise year-end closing procedures to make certain all account balance reconciliations are completed accurately before the annual audit.</p>

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended June 30, 2018**

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

Reference Number	Finding
2018-002	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - The School District's internal control structure should ensure that proper segregation of duties is in place to prevent intentional or unintentional errors in recording accounting data to ensure that balances are properly supported and reported and to prevent the misappropriation of assets.</p> <p><b>Condition</b> - The School District has inadequate segregation of duties in the cash, accounts payable, and employee compensation account cycles. Bank reconciliations are being performed by individuals who 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, and have access to the School District's credit card. Additionally, one of these individuals also is a signer on the bank accounts and can both initiate and approve external wire transfers. The payroll clerk can add new employees, change employee pay rates, and issue payroll checks without adequate independent review and approval. This finding was first identified during the year ended June 30, 2017 - see Finding 2017-003.</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 sufficiently mitigate the deficiencies that result from the lack of segregation of duties in the finance function. Subsequent to June 30, 2018, the School District did implement several recommendations related to segregation of duties, including dual authorization for external wire transfers.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The School District has implemented new policies and procedures within the finance function to establish checks and balances of assigned personnel, including review of all budget and actual accounts by the superintendent who does not have any physical or electronic access to the School District's finance functions. The School District continues to make improvements as needed to prevent unintentional errors and ensure accounting information is recorded adequately and timely.</p>

**Section III - Federal Program Audit Findings**

**Current Year** None