

**Woodhaven-Brownstown School District
Woodhaven, Michigan**

**SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(FEDERAL AWARDS)**

June 30, 2014

Woodhaven-Brownstown School District

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education
Woodhaven-Brownstown School District
Woodhaven, Michigan

Report on Compliance for the Major Federal Program

We have audited the compliance of Woodhaven-Brownstown School District (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2014. The 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's 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 OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit 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 Woodhaven-Brownstown 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 the major federal program. However, our audit does not provide a legal determination of Woodhaven-Brownstown School District's compliance.

Opinion on the Major Federal Program

In our opinion, Woodhaven-Brownstown 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 its major federal program for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Woodhaven-Brownstown 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 Woodhaven-Brownstown School District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 Woodhaven-Brownstown 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Woodhaven-Brownstown School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 30, 2014

Woodhaven-Brownstown School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	(Memo Only) Prior Years' Expenditures	Balance July 1, 2013 Accrued or (Unearned) Revenue	Cash Receipts In-Kind Payments	Expenditures	Balance June 30, 2014 Accrued or (Unearned) Revenue
U.S. DEPARTMENT OF AGRICULTURE								
Passed Through the Michigan Department of Education								
School Breakfast Program	10.553	(d)(e)						
2012-13		131970	\$ 142,671	\$ 129,188	\$ -	\$ 13,483	\$ 13,483	\$ -0-
2013-14		141970	123,908	-	-	123,908	123,908	-0-
			266,579	129,188	-0-	137,391	137,391	-0-
National School Lunch Program	10.555	(d)(e)						
2013-14 Cash assistance - USDA entitlement commodities ^(a)		82365	81,380	-	-	81,380	81,380 ^(h)	-0-
2012-13		131960	686,688	605,433	-	81,255	81,255	-0-
2013-14		141960	606,206	-	-	606,206	606,206	-0-
			1,374,274	605,433	-0-	768,841	768,841	-0-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,640,853	734,621	-0-	906,232	906,232	-0-
U.S. DEPARTMENT OF EDUCATION								
Passed Through the Michigan Department of Education								
Title I Grants to Local Educational Agencies	84.010							
2012-13 2% Schoolwide Plan Grants		1215201213	9,000	2,637	2,637	3,182	545	-0-
2012-13 Regular - Part A		1315301213	820,651	504,930	225,867	423,310	197,443	-0-
2013-14 Regular - Part A		1415301314	812,090	-	-	618,004	720,471	102,467
			1,641,741	507,567	228,504	1,044,496	918,459	102,467
Improving Teacher Quality State Grants (Title II, Part A)	84.367							
2012-13		1305201213	229,239	212,631	86,950	88,641	1,691	-0-
2013-14		1405201314	192,338	-	-	171,445	175,904	4,459
			421,577	212,631	86,950	260,086	177,595	4,459

The notes accompanying are an integral part of this schedule.

Woodhaven-Brownstown School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	(Memo Only) Prior Years' Expenditures	Balance July 1, 2013 Accrued or (Unearned) Revenue	Cash Receipts In-Kind Payments	Expenditures	Balance June 30, 2014 Accrued or (Unearned) Revenue
U.S. DEPARTMENT OF EDUCATION - CONTINUED								
Passed Through the Michigan Department of Education and Wayne RESA								
Special Education Grants to States (IDEA)	84.027 ^(f)							
2013-14 Transition		N/A	\$ 1,929	\$ -	\$ -	\$ 1,715	\$ 1,715	\$ -0-
2012-13		1304501213	1,026,775	1,026,775	251,156	251,156	-	-0-
2013-14		1404501314	1,121,568	-	-	941,062	1,121,568	180,506
			2,150,272	1,026,775	251,156	1,193,933	1,123,283	180,506
Special Education Preschool Grants (Preschool Incentive)	84.173 ^(f)							
2012-13		1304601213	33,700	33,700	6,917	6,917	-	-0-
2013-14		1404601314	42,813	-	-	39,498	42,813	3,315
			76,513	33,700	6,917	46,415	42,813	3,315
TOTAL U.S. DEPARTMENT OF EDUCATION			4,290,103	1,780,673	573,527	2,544,930	2,262,150	290,747
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed Through the Michigan Department of Human Services and Wayne RESA								
Medical Assistance Program								
Title XIX								
Outreach	93.778							
2013-14		82365	33,848	-	-	33,848	33,848	-0-
TOTAL FEDERAL AWARDS			\$ 5,964,804	\$ 2,515,294	\$ 573,527	\$ 3,485,010	\$ 3,202,230	\$ 290,747
					(c)	(b)(g)		

The notes accompanying are an integral part of this schedule.

Woodhaven-Brownstown School District

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Woodhaven-Brownstown School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) through (h) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards.

- (a) The current year expenditures for the Food Donation Program are determined based on the 2002/03 guidance provided in the Michigan Department of Education Administrative Policy Number 7. The amounts reported in this schedule as commodities received were taken from the Recipient Entitlement Balance Reports which is in agreement in all material respects with the District's reported amounts.
- (b) The expenditures reported in this schedule are in agreement with the amounts reported in the financial statements and financial reports. The financial reports tested, including claims for advances and reimbursements, were materially correct, complete, accurate, and timely and contain information that is supported by the books and records from which the financial statements have been prepared.
- (c) The amounts reported in this schedule as cash received are in agreement with the "paid during date range" amounts in the Grant Auditor Report.
- (d) Denotes programs tested as "major program".
- (e) Denotes programs required to be clustered by the United States Department of Agriculture.
- (f) Denotes programs required to be clustered by the United States Department of Education.
- (g) Agrees to total revenues from Federal sources per financial statements reconciled as follows:

Federal revenues per financial statements	\$ 3,487,021
Less:	
Medicaid vendor payments not subject to Single Audit	<u>(284,791)</u>
Federal expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 3,202,230</u>

- (h) The amount of out of condition commodities due to spoilage and shrinkage included in expenditures is immaterial to the Schedule of Expenditures of Federal Awards taken as a whole.

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INDEPENDENT AUDITOR'S 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*

To the Board of Education
Woodhaven-Brownstown School District
Woodhaven, Michigan

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, the major fund, and the aggregate remaining fund information of Woodhaven-Brownstown School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodhaven-Brownstown 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 30, 2014

Woodhaven-Brownstown School District
 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 X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported by Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings

None noted.

Woodhaven-Brownstown School District

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2014

FINDINGS/NONCOMPLIANCE

Control Deficiencies Related to Internal Controls Over the Financial Statements.

2013-1 - INTERNAL CONTROLS OVER ATHLETIC ACTIVITIES

Condition: During our audit the District was made aware of two vendors whose checks from a school-sponsored sports team had bounced, first in February 2013 then again in July. The checks were written from an account that had been established by the coach of this team in her own name and with her being the only authorized signer. As the investigation into the matter progressed, the District was notified by the Athletic Director that he knew of the bounced checks and the bank account in February 2013, but did not notify the business office. The District had no knowledge of this bank account (was not under the EIN of the District) until the vendor notified the District. Upon learning of the existence of the account, District administration investigated and found irregularities in the activity. At that point the Brownstown Township Police were contacted and the coach terminated. It was found that parents were instructed to make their checks out to the coach personally and not to the District. It appears that the checks were then deposited into the separate bank account held by the coach and checks were written to vendors and people such as her mother, stepfather, etc. The District and local police are continuing their investigation. The amounts involved are not material to the financial statements and restitution has been made as of the current date. The District's internal controls were not followed by the Athletic Director to prevent, deter, and/or detect this condition.

Current status: The District has revised its internal control procedures in this area and no similar situations were noted in the current year. We consider this issue to be resolved.

2013-2 VERIFICATION OF CASH COUNTS FOR ATHLETICS

Condition: During the testing of cash receipts for the athletic department, we noted two (2) instances out of five (5) tested in which the coaches deposit sheet was not initialed by the Athletic Office. This initialing of the deposit sheet is evidence that the amounts were counted by the Athletic Office and that the amount was accurate. One of the deposits was for football totaling \$5,500 and the other deposit was for girls' soccer for \$64.

Current status: We noted no similar exceptions during our current year testing. We consider this issue to be resolved.

Findings Related to Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.

No prior audit findings noted.