Woodhaven-Brownstown School District
Woodhaven, Michigan

SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(FEDERAL AWARDS)

June 30, 2016

Woodhaven-Brownstown School District

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for each Major Federal Program

We have audited Woodhaven-Brownstown School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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* (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 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 District's compliance.

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the 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 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2016, 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, 2016, 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 purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 30, 2016

Woodhaven-Brownstown School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

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, 2015 Accrued or (Unearned) Revenue	Cash Receipts In-Kind Payments	Expenditures	Balance June 30, 2016 Accrued or (Unearned) Revenue
U.S. DEPARTMENT OF AGRICULTURE								
Passed Through the Michigan Department of Education								
Child Nutrition Cluster								
School Breakfast Program	10.553 (d)							
2015-16		161970	$ 160,688	$ -	$ -	$ 149,339	$ 160,688	$ 11,349
2014-15		151970	158,427	145,724	-	12,703	12,703	-0-
			319,115	145,724	-0-	162,042	173,391	11,349
National School Lunch Program	10.555 (d)							
2015-16 Cash assistance - USDA entitlement commodities		82365	93,989	-	-	93,989	93,989	-0-
2015-16		161960	669,373	-	-	630,991	669,373	38,382
2014-15		151960	746,670	677,422	-	69,248	69,248	-0-
			1,510,032	677,422	-0-	794,228	832,610	38,382
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,829,147	823,146	-0-	956,270	1,006,001	49,731
U.S. DEPARTMENT OF EDUCATION								
Passed Through the Michigan Department of Education								
Title I Grants to Local Educational Agencies	84.010							
2015-16 Regular - Part A		1615301516	770,192	-	-	409,607	651,864	242,257
2014-15 Regular - Part A		1515301415	851,565	774,281	95,451	159,201	63,750	-0-
			1,621,757	774,281	95,451	568,808	715,614	242,257
Improving Teacher Quality State Grants (Title II, Part A)	84.367							
2015-16		1605201516	183,036	-	-	118,918	145,635	26,717
2014-15		1505201415	192,215	179,616	-	58	58	-0-
			375,251	179,616	-0-	118,976	145,693	26,717

Woodhaven-Brownstown School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2016

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, 2015 Accrued or (Unearned) Revenue	Cash Receipts In-Kind Payments	Expenditures	Balance June 30, 2016 Accrued or (Unearned) Revenue
U.S. DEPARTMENT OF EDUCATION - CONTINUED								
Passed Through the Michigan Department of Education and Wayne RESA								
Special Education Cluster								
Special Education Grants to States (IDEA)	84.027 (c)(e)							
2015-16 Transition		N/A	$ 1,637	$ -	$ -	$ 1,637	$ 1,637	$ -0-
2015-16 Regular		1604501516	1,181,829	-	-	731,037	1,181,829	450,792
2014-15 Regular		1504501415	1,138,392	1,138,392	450,617	450,617	-	-0-
			2,321,858	1,138,392	450,617	1,183,291	1,183,466	450,792
Special Education Preschool Grants (Preschool Incentive)	84.173 (c)(e)							
2015-16		1604601516	29,792	-	-	19,889	29,792	9,903
2015-16		1504601415	30,672	30,672	9,367	9,367	-	-0-
			60,464	30,672	9,367	29,256	29,792	9,903
Total Special Education Cluster			2,382,322	1,169,064	459,984	1,212,547	1,213,258	460,695
TOTAL U.S. DEPARTMENT OF EDUCATION			4,379,330	2,122,961	555,435	1,900,331	2,074,565	729,669
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							
2015-16		82365	21,138	-	-	11,350	21,138	9,788
TOTAL FEDERAL AWARDS			$ 6,229,615	$ 2,946,107	$ 555,435	$ 2,867,951 (b)	$ 3,101,704 (a)(f)	$ 789,188

There were no funds that were provided to subrecipients from the above programs.

Woodhaven-Brownstown School District

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District has elected not to use the 10 percent de minimus indirect rate allowed under the Uniform Guidance.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

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

(a) 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.

(b) The amounts reported in this schedule as cash received are in agreement with the "paid during date range" amounts in the Grant Auditor Report.

(c) Denotes programs tested as "major program."

(d) Denotes programs required to be clustered by the United States Department of Agriculture.

(e) Denotes programs required to be clustered by the United States Department of Education.

(f) Agrees to total revenues from Federal sources per financial statements reconciled as follows:

Federal revenues per financial statements	$ 3,413,464
Less:	
Vendor payments not subject to Single Audit	(311,760)
Federal expenditures per Schedule of Expenditures of Federal Awards	$ 3,101,704

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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, each major fund, and the aggregate remaining fund information of Woodhaven-Brownstown School District (the District) as of and for the year ended June 30, 2016, 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, 2016.

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 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as 2016-001.

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*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, according, 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 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, 2016

Woodhaven-Brownstown School District

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?	X	Yes		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 2 CFR 200.516(a)?		Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
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?	X	Yes		No

Section II - Financial Statement Findings

2016-001 PRIOR PERIOD ADJUSTMENTS

Condition: During the course of our audit, material prior period adjustments related to the proper and timely recognition of accrued liabilities and unamortized bond premiums were identified that resulted in a material misstatement of the District's previously issued financial statements for the year ended June 30, 2015.

Criteria: Management is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Cause: The District did not properly identify and record these items in the proper period.

Section II - Financial Statement Findings - Continued

2016-001 PRIOR PERIOD ADJUSTMENTS - CONTINUED

Effect: The District's previously issued financial statements contained material misstatements that were not prevented or detected by the District's internal control.

Recommendation: We recommend that the District take steps to assure that material transactions and balances are identified and recorded accurately and in the proper accounting period.

Section III - Federal Award Findings

None noted.

WOODHAVEN-BROWNSTOWN SCHOOL DISTRICT
Learning and Leading for Tomorrow

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Shawn D. Biddle
Director of Finance

September 30, 2016

2016-001 PRIOR PERIOD ADJUSTMENTS

Corrective Action Plan:

District personnel responsible for resolution: Shawn Biddle, Director of Finance

Corrective action plan response:

The prior period adjustment for accrued liabilities was identified and calculated by the new director of finance during the normal end of year balance sheet review. All balance sheet accounts are reviewed periodically throughout the year to confirm that balances are correct.

The proper and timely recognition of unamortized bond premiums will be achieved by correcting the journal entry template previously used to record the long term debt activity as well as the long term debt balance spreadsheet. These documents have been updated.

Woodhaven-Brownstown School District

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2016

FINDINGS/NONCOMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls over the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control over Compliance in Accordance with OMB Circular A-133.

2015-001 PARENTAL INVOLVEMENT EXPENDITURES

Finding Type: Immaterial Noncompliance

Title I Grants to Local Educational Agencies from U.S. Department of Education passed through Michigan Department of Education, CFDA No. 84.010, pass-through grant numbers 1415301314 and 1515301415

Condition: During our testing of parental involvement expenditures, we noted that 76.94% of the total budget was spent. 95% was required.

Resolution: The District budgeted and expended appropriate amounts for Title I parental involvement during the year. We consider this issue resolved.