

ROCKFORD PUBLIC SCHOOLS
Kent County, Michigan

Additional Reports Required by
the Uniform Guidance

For the year ended June 30, 2016

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ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2016

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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*

October 30, 2016

The Board of Education
Rockford Public Schools
Kent County, 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, of Rockford Public Schools, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Rockford Public Schools' basic financial statements, and have issued our report thereon dated October 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rockford 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 Rockford Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Rockford Public Schools' 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rockford 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*.

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.



Certified Public Accountants



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

October 30, 2016

The Board of Education
Rockford Public Schools
Kent County, Michigan

Report on Compliance for Each Major Federal Program

We have audited Rockford Public Schools’ compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rockford Public Schools’ major federal programs for the year ended June 30, 2016. Rockford 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 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 Rockford 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 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 Rockford 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 Rockford Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Rockford 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, 2016.

Report on Internal Control over Compliance

Management of Rockford 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 Rockford 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 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 Rockford Public Schools' 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 Rockford Public Schools as of and for the year ended June 30, 2016, and have issued our report thereon dated October 30, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Hungerford Nichols".

Certified Public Accountants

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2016

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U. S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I Cluster:		
Title I:	84.010	
151530 1415		\$ 506,343
161530 1516		<u>496,251</u>
Total Title I Cluster		<u>1,002,594</u>
Title IIA:	84.367	
150520 1415		143,729
160520 1516		<u>128,887</u>
Total Title IIA		<u>272,616</u>
Adult Education Grants to States:	84.002	
151130 151925		25,000
161130 161925		<u>32,500</u>
Total Adult Education Grants to States		<u>57,500</u>
Total Passed Through MDE		<u>1,332,710</u>
Passed through Kent Intermediate School District (KISD):		
Special Education Cluster:		
I.D.E.A. Grants to States:	84.027	
150450 1415		1,074,695
160450 1516		<u>1,085,165</u>
Total I.D.E.A. Grants to States		<u>2,159,860</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2015	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2016
\$ 217,030 -	\$ 417,146 -	\$ 12,999 480,214	\$ 230,029 216,962	\$ - 263,252
217,030	417,146	493,213	446,991	263,252
131,015 -	143,285 -	- 125,406	131,015 51,711	- 73,695
131,015	143,285	125,406	182,726	73,695
25,000 -	25,000 -	- 32,500	25,000 -	- 32,500
25,000	25,000	32,500	25,000	32,500
373,045	585,431	651,119	654,717	369,447
372,010 -	1,074,695 -	- 1,085,165	372,010 735,538	- 349,627
372,010	1,074,695	1,085,165	1,107,548	349,627

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2016

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
I.D.E.A. Preschool:	84.173	
150460 1415		\$ 39,823
160460 1516		<u>36,671</u>
Total I.D.E.A. Preschool		<u>76,494</u>
Total Special Education Cluster		2,236,354
Total Passed Through KISD		<u>2,236,354</u>
Total U.S. Department of Education		<u>3,569,064</u>
U.S. Department of Health and Human Services		
Passed through Kent Intermediate School District (KISD):		
Medical Assistance Program:		
1516 Medicaid Outreach	93.778	<u>11,332</u>
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE):		
Nutrition Cluster:		
Non-Cash Assistance (U.S.D.A. Commodities):		
Entitlement Commodities	10.555	<u>127,058</u>
Cash Assistance:		
1516 Lunch Program	10.555	<u>413,832</u>
1516 Breakfast Program	10.553	<u>47,853</u>
Total Cash Assistance		<u>461,685</u>
Total Nutrition Cluster		<u>588,743</u>
Child Care Food Program:		
1516	10.558	<u>11,155</u>
Total U.S. Department of Agriculture		<u>599,898</u>
Total Federal Financial Assistance		<u>\$ 4,180,294</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2015	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2016
\$ 13,785	\$ 39,823	\$ -	\$ 13,785	\$ -
-	-	36,671	25,402	11,269
13,785	39,823	36,671	39,187	11,269
385,795	1,114,518	1,121,836	1,146,735	360,896
385,795	1,114,518	1,121,836	1,146,735	360,896
758,840	1,699,949	1,772,955	1,801,452	730,343
-	-	11,332	-	11,332
-	-	127,058	127,058	-
-	-	413,832	413,832	-
-	-	47,853	47,853	-
-	-	461,685	461,685	-
-	-	588,743	588,743	-
-	-	11,260	11,155	105
-	-	600,003	599,898	105
<u>\$ 758,840</u>	<u>\$ 1,699,949</u>	<u>\$ 2,384,290</u>	<u>\$ 2,401,350</u>	<u>\$ 741,780</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2016

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rockford Public Schools under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with 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). Because the Schedule presents only a selected portion of the operations of Rockford Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows, as applicable, of Rockford Public Schools.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following 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* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Grant Section Auditor Report

Management has utilized the MDE Cash Management System (CMS) Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

Note D – Non-Cash Assistance

The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with the SEFA for USDA donated food commodities.

Note E – Federal Income Reconciliation

	of Federal Financial Assistance	Revenue Per Financial Statements	Difference
Title I Cluster	\$ 493,213	\$ 489,566	\$ 3,647 (1)
Title IIA	125,406	125,406	-
Adult Education	32,500	32,500	-
Special Education Cluster	1,121,836	1,121,836	-
Medical Assistance Program	11,332	11,332	-
Nutrition Cluster	588,743	588,743	-
Child Care Food Program	11,260	11,260	-
	<u>\$ 2,384,290</u>	<u>\$ 2,380,643</u>	<u>\$ 3,647</u>

(1) This amount was not received within 60 days of year-end and is recorded in deferred revenue.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes 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 on accordance with the Uniform Guidance?

 Yes X No

Identification of major programs audited:

<u>Special Education Cluster</u>	
<u>84.027</u>	<u>I.D.E.A. Grants to States</u>
<u>84.173</u>	<u>I.D.E.A. Preschool</u>

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 Statements Audit Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Section III – Major Federal Award Programs Findings and Questioned Costs

There were no findings or questioned costs.