

Reeths-Puffer Schools
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
June 30, 2018



Reeths-Puffer Schools

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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**

Board of Education
Reeths-Puffer Schools
Muskegon, 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 the *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 Reeths-Puffer Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Reeths-Puffer Schools' basic financial statements, and have issued our report thereon dated October 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Reeths-Puffer 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 Reeths-Puffer Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Reeths-Puffer 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. 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.

Board of Education
Reeths-Puffer Schools
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Reeths-Puffer 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.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style with a large, looped initial 'B'.

Muskegon, Michigan
October 19, 2018

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

Board of Education
Reeths-Puffer Schools
Muskegon, Michigan

Report on Compliance for Each Major Federal Program

We have audited Reeths-Puffer 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 Reeths-Puffer Schools' major federal programs for the year ended June 30, 2018. Reeths-Puffer Schools' major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Responses.

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 Reeths-Puffer 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 Reeths-Puffer 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 Reeths-Puffer Schools' compliance.

Board of Education
Reeths-Puffer Schools
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Opinion on Each Major Federal Program

In our opinion, Reeths-Puffer 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, 2018.

Report on Internal Control Over Compliance

Management of Reeths-Puffer 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 Reeths-Puffer 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 Reeths-Puffer 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 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.

Board of Education
Reeths-Puffer Schools
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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 Reeths-Puffer Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Reeths-Puffer Schools' basic financial statements. We issued our report thereon dated October 19, 2018, 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.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style with a large, looped initial 'B'.

Muskegon, Michigan
October 19, 2018

Reeths-Puffer Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2017	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2018	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education</i>									
Direct program:									
Indian Education—Grants to Local Educational Agencies S060A170013	84.060	\$ 22,938	\$ -	\$ -	\$ 19,385	\$ -	\$ 22,938	\$ 3,553	\$ -
Passed through Michigan Department of Education:									
Title I Grants to Local Educational Agencies	84.010								
171530 1617		667,824	176,174	-	176,174	642,014	-	-	-
181530 1718		540,895	-	-	348,540	-	520,904	172,364	-
		<u>1,208,719</u>	<u>176,174</u>	<u>-</u>	<u>524,714</u>	<u>642,014</u>	<u>520,904</u>	<u>172,364</u>	<u>-</u>
English Language Acquisition State Grants 180570 1718	84.365	897	-	-	-	-	365	365	-
Supporting Effective Instruction State Grants	84.367								
170520 1617		217,713	28,100	-	28,100	181,340	-	-	-
180520 1718		156,675	-	-	136,620	-	149,661	13,041	-
		<u>374,388</u>	<u>28,100</u>	<u>-</u>	<u>164,720</u>	<u>181,340</u>	<u>149,661</u>	<u>13,041</u>	<u>-</u>
Student Support and Academic Enrichment Program 180750 1718	84.424	10,000	-	-	9,834	-	10,000	166	-
Total passed through Michigan Department of Education		1,594,004	204,274	-	699,268	823,354	680,930	185,936	-
Passed through Muskegon Area Intermediate School District:									
Special Education Cluster									
Special Education—Grants to States	84.027								
160450		1,330,296	152,960	-	152,960	1,330,296	-	-	-
170450		1,253,267	258,205	-	522,547	904,715	348,552	84,210	-
180450		898,071	-	-	698,315	-	898,071	199,756	-
		<u>3,481,634</u>	<u>411,165</u>	<u>-</u>	<u>1,373,822</u>	<u>2,235,011</u>	<u>1,246,623</u>	<u>283,966</u>	<u>-</u>
Special Education—Preschool Grants	84.173								
170460		65,698	26,323	-	26,323	65,698	-	-	-
180460		55,264	-	-	44,030	-	55,264	11,234	-
		<u>120,962</u>	<u>26,323</u>	<u>-</u>	<u>70,353</u>	<u>65,698</u>	<u>55,264</u>	<u>11,234</u>	<u>-</u>
Total Special Education Cluster passed through Muskegon Area Intermediate School District		3,602,596	437,488	-	1,444,175	2,300,709	1,301,887	295,200	-
Total U.S. Department of Education		5,219,538	641,762	-	2,162,828	3,124,063	2,005,755	484,689	-

Reeths-Puffer Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2018

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2017	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2018	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Agriculture</i>									
Passed through Michigan Department of Education:									
Child Nutrition Cluster									
School Breakfast Program	10.553								
171970		\$ 154,303	\$ -	\$ -	\$ 14,576	\$ 139,727	\$ 14,576	\$ -	\$ -
181970		144,228	-	-	144,228	-	144,228	-	-
		298,531	-	-	158,804	139,727	158,804	-	-
National School Lunch Program	10.555								
171960		654,362	-	-	69,775	584,587	69,775	-	-
181960		595,518	-	-	595,518	-	595,518	-	-
Entitlement Commodities		96,916	-	-	69,046	-	69,046	-	-
		1,346,796	-	-	734,339	584,587	734,339	-	-
Total Child Nutrition Cluster		1,645,327	-	-	893,143	724,314	893,143	-	-
Passed through County of Muskegon:									
Schools and Roads—Grants to States	10.665	143	-	-	143	-	143	-	-
Total U.S. Department of Agriculture		1,645,470	-	-	893,286	724,314	893,286	-	-
<i>U.S. Department of Health and Human Services</i>									
Passed through Muskegon Area Intermediate School District:									
Medical Assistance Program	93.778								
393		3,191	-	-	3,191	-	3,191	-	-
TOTAL FEDERAL ASSISTANCE		\$ 6,868,199	\$ 641,762	\$ -	\$ 3,059,305	\$ 3,848,377	\$ 2,902,232	\$ 484,689	\$ -

The accompanying notes are an integral part of this schedule.

Reeths-Puffer Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2018

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2018. 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). 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 or change in net position of the School District.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. Expenditures are recognized following the cost principles contained in the Uniform Guidance, 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. The School District is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Management has utilized the Management Department of Education Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.
4. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per June 30, 2018

Governmental Funds financial statements

General Fund	\$ 2,009,089	
Other governmental funds (includes Food Service Fund)	893,143	\$ 2,902,232

Expenditures per single audit report

Schedule of Expenditures of Federal Awards		\$ 2,902,232
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Reeths-Puffer Schools
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2018

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditor’s report issued on compliance for major federal programs: **Unmodified**
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no
4. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program/Cluster</u>
84.010	U.S. Department of Education
	Title I Grants to Local Education Agencies
10.553 and 10.555	U.S. Department of Agriculture
	Child Nutrition Cluster
5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? X yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

CLIENT DOCUMENTS



REETHS-PUFFER SCHOOLS

991 W. Giles Rd.
Muskegon MI 49445

Phone: (231) 744-4736
Fax: (231) 744-9497

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Michigan Department of Education
Lansing, Michigan

Reeths-Puffer Schools respectfully advises you that there were **no** audit findings reported in our single audit report, dated October 20, 2017, for the year ended June 30, 2017.

Sincerely,

Jason Helsen
Director of Finance
October 19, 2018



REETHS-PUFFER SCHOOLS

991 W. Giles Rd.
Muskegon MI 49445

Phone: (231) 744-4736
Fax: (231) 744-9497

CORRECTIVE ACTION PLAN

Michigan Department of Education
Lansing, Michigan

Reeths-Puffer Schools respectfully submits the following Corrective Action Plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
P.O. Box 999
Muskegon, Michigan 49443

Audit period: June 30, 2018

The findings from the Schedule of Findings and Responses for the year ended June 30, 2018 provided *no* findings in either Section II or Section III. Accordingly, there are *no* matters requiring corrective action as shown below.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were *no* findings in relation to the financial statement audit.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were *no* findings in relation to the major federal award programs.

If the Michigan Department of Education has questions regarding this plan, please call Jason Helsen at (231) 744-4736.

Sincerely,

Jason Helsen
Director of Finance
October 19, 2018