

**Redford Union School District #1
Redford, Michigan**

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

June 30, 2018

Redford Union School District #1

TABLE OF CONTENTS

June 30, 2018

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	1-3
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	4-7
Notes to Schedule of Expenditures of Federal Awards	8-9
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 <i>GOVERNMENT AUDITING STANDARDS</i>	10-11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	12-13
CORRECTIVE ACTION PLAN	14
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	15



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
Redford Union School District #1
Redford, Michigan

Report on Compliance for Each Major Federal Program

We have audited Redford Union School District #1'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 Redford Union School District #1's major federal programs for the year ended June 30, 2018. Redford Union School District #1'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 Redford Union School District #1'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 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 Redford Union School District #1'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 Redford Union School District #1's compliance.

Opinion on Each Major Federal Program

In our opinion, Redford Union School District #1 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-003. Our opinion on each major federal program is not modified with respect to this matter.

Redford Union School District #1's response to the noncompliance 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 compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of Redford Union School District #1 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, we considered Redford Union School District #1'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 our 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 Redford Union School District #1'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. 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.

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 Redford Union School District #1 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 26, 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 the 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.

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

October 26, 2018

Redford Union School District #1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Restated Program or Award Amount
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Michigan Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		
2017-18 - cash assistance		181970	\$ 372,697
2016-17 - cash assistance		171970	<u>367,921</u>
			740,618
National School Lunch Program	10.555		
2017-18 Noncash assistance - entitlement commodities (a)(c)		82110	145,484
2017-18 - cash assistance		181960,181980	878,504
2016-17 - cash assistance		171960,171980	<u>875,797</u>
			1,899,785
Summer Food Service Program	10.559		
2016-17		170900,171900	22,701
2016-17		180900,181900	<u>5,968</u>
			<u>28,669</u>
Total Child Nutrition Cluster			2,669,072
Fresh Fruit and Vegetable Program	10.582		
2017-18		170950,180950	<u>19,357</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,688,429
U.S. DEPARTMENT OF EDUCATION			
Passed Through the Michigan Department of Education			
Title I, Part A	84.010		
2017-18		181530	1,241,196
2016-17		171530	<u>1,089,755</u>
			2,330,951
Title II, Part A	84.367		
2017-18		180520	196,059
2016-17		170520	<u>138,595</u>
			334,654
School Improvement Grant	84.377		
2017-18		151762	850,196
2016-17		151761	<u>729,797</u>
			1,579,993

See accompanying notes to the schedule.

<u>(Memo Only)</u> <u>Prior Years'</u> <u>Expenditures</u>	<u>Balance</u> <u>July 1, 2017</u> <u>Accrued or</u> <u>(Unearned)</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u> <u>In-Kind</u> <u>Payments</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2018</u> <u>Accrued or</u> <u>(Unearned)</u> <u>Revenue</u>
\$ -	\$ -	\$ 348,557	\$ 372,697	\$ 24,140
327,344	-	40,577	40,577	-0-
327,344	-0-	389,134	413,274	24,140
-	-	145,484	145,484	-0-
-	-	833,913	878,504	44,591
782,933	-	92,864	92,864	-0-
782,933	-0-	1,072,261	1,116,852	44,591
4,565	4,565	22,701	18,136	-0-
-	-	-	5,968	5,968
4,565	4,565	22,701	24,104	5,968
1,114,842	4,565	1,484,096	1,554,230	74,699
-0-	-0-	19,357	19,357	-0-
1,114,842	4,565	1,503,453	1,573,587	74,699
-	-	1,180,250	1,241,196	60,946
1,031,974	340,511	374,113	33,602	-0-
1,031,974	340,511	1,554,363	1,274,798	60,946
-	-	143,316	167,039	23,723
138,595	26,895	26,895	-	-0-
138,595	26,895	170,211	167,039	23,723
-	-	619,579	702,129	82,550
610,859	469,637	508,187	38,550	-0-
610,859	469,637	1,127,766	740,679	82,550

Redford Union School District #1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Restated Program or Award Amount
U.S. DEPARTMENT OF EDUCATION - CONTINUED			
Passed Through the Michigan Department of Education - Education			
Title IV, Part A SSAE 2017-18	84.424	180750	\$ 14,729
Passed Through the Michigan Department of Education and Wayne County RESA Special Education Cluster			
IDEA - Flowthrough 2017-18 Regular 2016-17 Regular 2017-18 PBS 2016-17 PBS 2017-18 CPO 2016-17 CPO	84.027 ^(g)	180450 170450 180450 170450 180450 170450	897,272 799,470 4,920 5,483 345,982 <u>351,540</u>
			2,404,667
IDEA - Preschool Incentive 2017-18 2016-17	84.173 ^(g)	180460 170460	24,718 <u>37,611</u>
			<u>62,329</u>
Total Special Education Cluster			<u>2,466,996</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			6,727,323
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through the Michigan Department of Community Health and Wayne County RESA			
Medicaid outreach	93.778	N/A	<u>13,966</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 9,429,718</u></u>

See accompanying notes to the schedule.

<u>(Memo Only)</u> <u>Prior Years'</u> <u>Expenditures</u>	<u>Balance</u> <u>July 1, 2017</u> <u>Accrued or</u> <u>(Unearned)</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u> <u>In-Kind</u> <u>Payments</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2018</u> <u>Accrued or</u> <u>(Unearned)</u> <u>Revenue</u>
\$ -	\$ -	\$ -	\$ 9,665	\$ 9,665
-	-	318,754	897,272	578,518
799,470	157,315	157,315	-	-0-
-	-	-	4,920	4,920
5,483	5,483	5,483	-	-0-
-	-	-	345,982	345,982
<u>351,540</u>	<u>17,404</u>	<u>17,404</u>	<u>-</u>	<u>-0-</u>
1,156,493	180,202	498,956	1,248,174	929,420
-	-	24,461	24,718	257
<u>37,611</u>	<u>3,508</u>	<u>3,508</u>	<u>-</u>	<u>-0-</u>
<u>37,611</u>	<u>3,508</u>	<u>27,969</u>	<u>24,718</u>	<u>257</u>
<u>1,194,104</u>	<u>183,710</u>	<u>526,925</u>	<u>1,272,892</u>	<u>929,677</u>
2,975,532	1,020,753	3,379,265	3,465,073	1,106,561
-	-	13,966	13,966	-0-
<u>\$ 4,090,374</u>	<u>\$ 1,025,318</u>	<u>\$ 4,896,684</u>	<u>\$ 5,052,626</u>	<u>\$ 1,181,260</u>

(d)

(b)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Redford Union School District #1, 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 (g) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards.

- (a) The current year revenues for the Food Donation Program are determined based on the 2002/03 guidance provided previously from 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 Report which is in agreement in all material respects with the School’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 amount of out of condition commodities due to spoilage or shrinkage included in expenditures is immaterial to the Schedule of Expenditures of Federal Awards taken as a whole.
- (d) The amounts reported in this schedule as cash received are in agreement with the “paid during date range” amounts on the Grant Auditor Report, except as noted below:

<u>Grant #</u>	<u>Payments Per MDE Report</u>	<u>Plus (Less): Difference Between Cash Received and Reported</u>	<u>Cash Receipts Per Current SEFA</u>
181970	\$ 372,697	\$ (24,140)	\$ 348,557
181,960,181,980	878,504	(44,591)	833,913

- (e) Denotes program tested as “major program”.
- (f) Denotes programs required to be clustered by the United States Department of Agriculture.
- (g) Denotes programs required to be clustered by the United States Department of Education.

Redford Union School District #1

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2018

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the federal revenues reported in the June 30, 2018 basic financial statements to the expenditures of the District administered federal programs reported on the Schedule of Expenditures of Federal Awards:

Federal revenue per financial statements:	\$ 5,243,629
Less: Build America Bond revenue not subject to Single Audit	<u>(191,003)</u>
Total expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 5,052,626</u>

NOTE D: SUBRECIPIENTS

No federal awards were passed through by the District to any subrecipients during the year.



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
Redford Union School District #1
Redford, 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 Redford Union School District #1 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Redford Union School District #1's basic financial statements and have issued our report thereon dated October 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Redford Union School District #1'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 Redford Union School District #1'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 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2018-001, that we consider to be a material weakness.

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2018-002.

The District's Responses to Findings

Redford Union School District #1's responses to the findings identified in our audit are described in the accompanying corrective action plan. The 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

October 26, 2018

Redford Union School District #1

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? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010 10.553, 10.555, 10.559	Title I Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

2018-001 MATERIAL JOURNAL ENTRY PROPOSED BY AUDITORS

Condition: One (1) Food Service journal entry of \$62,763 was proposed by the auditors.

Criteria: Michigan Department of Education Bulletin 1022 Michigan Public School Accounting Manuel states that financial statements and records should be free of errors that could change the users' overall assessment of the entity's finances.

Cause/Effect: Through the identification of this material journal entry that was not otherwise identified by management.

Recommendation: We recommend that the District record all material journal entries in the future.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended June 30, 2018

Section II - Financial Statement Findings - Continued

2018-002 UNFAVORABLE BUDGET VARIANCES

Condition: During our review of the District's compliance with the budgeting act, we noted that expenditures had exceeded the amounts appropriated in certain areas within the General Fund and the Special Education Center Program Fund. A similar issue was noted and reported in our prior year audit findings.

Criteria: The Uniform Budgeting and Accounting Act requires the District to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined". The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body".

Cause: The District did not sufficiently amend the budget when it became apparent spending was going to exceed the amounts appropriated in the over budget areas.

Effect: The District has not maintained adequate control over budgetary compliance in accordance with State law in the certain areas where the overages occurred.

Recommendation: We recommend the District continue to monitor budgeted expenditures against actual expenditures to alleviate future unfavorable budget variances and make appropriate budget amendments as needed.

Section III - Federal Award Findings and Questioned Costs

2018-003 EXCESS FUND BALANCE - NONPROFIT FOOD SERVICE FUND

Immaterial non-compliance

CFDA# 10.553, 10.555, and 10.559, from U.S. Department of Agriculture, Program award numbers 171970, 181970, 171960, 181960, 170900, 171900, 180900, 181900, 171980, and 181980 passed through Michigan Department of Education, Special Tests and Provisions.

Condition: During the course of our audit we noted that the District currently has more than the allowable fund balance in the nonprofit food service fund. The District currently has about 5.7 months of expenditures as fund balance. As a result, the District will be required to develop a spending plan for reducing the balance to an acceptable level during the current school year. The plan must be submitted to the Michigan Department of Education for prior approval. Excess funds cannot be transferred to the General Fund. A similar issue was noted and reported in our prior year audit findings.

Questioned costs: None

Criteria: The U.S. Department of Agriculture requires that the ending fund balance of the nonprofit food service fund does not exceed three months operating expenses (7 CFR Part 210.19(a)(2)).

Cause: Unknown

Effect: The District is not compliance with U.S. Department of Agriculture regulations.

Recommendation: We recommend that the District continue a spending plan to improve the food quality or take other action to improve non-profit food service per applicable federal regulations.

Corrective Action Plan:

2018-001 Material Journal Entry Proposed By Auditors

We have posted Food Service journal entry as of June 30, 2018. We will continue to record this journal in the future.

Anticipated completion date: Completed

Responsible Party: Director of Finance

2018-002 Unfavorable Budget Variances

Amendment Budget will be done in February and June 2019

Anticipated completion date: February and June 2019

Responsible Party: Assistant Superintendent of Business and Operation

2018-003 Excess Fund Balance – Nonprofit Food Service Fund

The business office will continue to submit spending down plan to MDE & board for approval.

Anticipated completion date: June 2019

Responsible Party: Assistant Superintendent of Business Operation

Redford Union School District #1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2018

FINDINGS/NONCOMPLIANCE

Control Deficiencies Related to Internal Controls Over the Financial Statements.

2017-002 PRIOR PERIOD ADJUSTMENT

Condition: Material journal entries were proposed by the prior auditor to adjust beginning fund balance and net position.

Resolution: This issue is evaluated separately each year. We consider this issue resolved for the year ended June 30, 2018.

2017-003 INTERNAL CONTROLS/SEGREGATION OF DUTIES

Condition: During review of the internal control processes, it was noted that the individual with the majority of the access to the general ledger also prepares the bank reconciliations. Moreover, manual journal entries are not reviewed and approved by an independent person. In addition, one individual performs most of the receipts cycle by collecting receipts, creating the deposit, and taking the deposit to the bank.

Resolution: This issue was not noted during the current audit. We consider this issue resolved.

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

2017-001 UNFAVORABLE BUDGET VARIANCES

Condition: Expenditures exceeded the amounts appropriated in certain areas within the General Fund, Special Education Center Program Fund, and Food Service Fund.

Resolution: This issue is evaluated separately each year, however a similar issue was noted this year.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with the Uniform Guidance.

2017-004 EXCESS FUND BALANCE - NONPROFIT FOOD SERVICE FUND

Condition: Fund balance in the Food Service Fund exceeded the maximum allowed under federal regulations.

Resolution: This issue is evaluated separately each year, however a similar issue was noted this year.