
Grand Rapids Public Schools

**Federal Awards
Supplemental Information
June 30, 2018**

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 1

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* 2-3

Report on Compliance for Each Major Federal Program and Report on Internal Control Over
Compliance 4-5

Schedule of Expenditures of Federal Awards 6-8

Notes to Schedule of Expenditures of Federal Awards 9

Schedule of Findings and Questioned Costs 10-12

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

Independent Auditor's Report

To the Board of Education
Grand Rapids Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Public Schools (the "School District") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 24, 2018, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 24, 2018.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 24, 2018

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*

Independent Auditor's Report

To Management and the Board of Education
Grand Rapids Public Schools

We have audited, in accordance with 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 Grand Rapids Public Schools (the "School District") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 School 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2018-002, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School 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 or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2018-001.

To Management and the Board of Education
Grand Rapids Public Schools

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

Plante & Moran, PLLC

October 24, 2018

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Education
Grand Rapids Public Schools

Report on Compliance for Each Major Federal Program

We have audited Grand Rapids Public Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2018. The School 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 School 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* (the "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 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 each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 the major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the 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 the School 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 School District's internal control over compliance.

To the Board of Education
Grand Rapids Public Schools

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.

Plante & Moran, PLLC

October 24, 2018

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Program Title/Project Number/Subrecipient Name	CFDA Number	Grant/Project Number	Approved	(Memo Only)	Accrued	Adjustments	Federal Funds/	Expenditures	Accrued	Current Year
			Awards Amount	Prior Year Expenditures	Revenue at July 1, 2017	and Transfers	Payments In-kind Received		Revenue at June 30, 2018	Cash Transferred to Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) - USDA Entitlement Commodities 2017-2018										
	10.555	N/A	\$ 986,911	\$ -	\$ -	\$ -	\$ 986,911	\$ 986,911	\$ -	\$ -
Cash Assistance:										
National School Lunch Program:										
2016-2017	10.555	171960	7,708,176	6,791,981	351,245	-	1,267,440	916,195	-	-
2017-2018	10.555	181960	5,970,585	-	-	-	5,791,475	5,970,585	179,110	-
Total National School Lunch Program			13,678,761	6,791,981	351,245	-	7,058,915	6,886,780	179,110	-
Snack Program:										
2016-2017	10.555	171980	139,272	129,010	1,615	-	11,877	10,262	-	-
2017-2018	10.555	181980	95,093	-	-	-	95,093	95,093	-	-
Total Snack Program			234,365	129,010	1,615	-	106,970	105,355	-	-
Total National School Lunch Program (including commodities)			14,900,037	6,920,991	352,860	-	8,152,796	7,979,046	179,110	-
National School Breakfast Program:										
2016-2017	10.553	171970	2,945,751	2,601,543	139,626	-	483,834	344,208	-	-
2017-2018	10.553	181970	2,292,998	-	-	-	2,217,054	2,292,998	75,944	-
Total National School Breakfast Program			5,238,749	2,601,543	139,626	-	2,700,888	2,637,206	75,944	-
National School Lunch Summer Program:										
2016-2017	10.559	170900	224,471	52,944	52,944	-	224,471	171,527	-	-
2016-2017	10.559	171900	23,330	5,506	5,506	-	23,330	17,824	-	-
2017-2018	10.559	180900	46,234	-	-	-	-	46,234	46,234	-
2017-2018	10.559	181900	4,867	-	-	-	-	4,867	4,867	-
Total National School Lunch Summer Program			298,902	58,450	58,450	-	247,801	240,452	51,101	-
Total Child Nutrition Cluster			20,437,688	9,580,984	550,936	-	11,101,485	10,856,704	306,155	-
Special Education Cluster - U.S. Department of Education - Passed through the Kent County ISD:										
IDEA Flowthrough:										
Resource Room	84.027	170450-1617	3,770,066	3,770,066	870,758	-	870,758	-	-	-
Resource Room	84.027	180450-1718	3,907,151	-	-	-	2,930,322	3,907,151	976,829	-
SXI/POHI/VI	84.027	170450-1617	51,055	51,055	16,086	-	16,086	-	-	-
SXI/POHI/VI	84.027	180450-1718	28,047	-	-	-	21,242	28,047	6,805	-
Hearing Impaired	84.027	170450-1617	90,941	90,941	20,299	-	20,299	-	-	-
Hearing Impaired	84.027	180450-1718	56,095	-	-	-	40,878	56,095	15,217	-
Hearing Impaired	84.027	170450-1617	177,980	-	42,936	-	42,936	-	-	-
Hearing Impaired	84.027	180450-1718	177,980	-	-	-	135,983	177,980	41,997	-
Ken-O-Sha	84.027	170450-1617	194,646	194,646	48,306	-	48,306	-	-	-
Ken-O-Sha	84.027	180450-1718	186,982	-	-	-	140,364	186,982	46,618	-
Lincoln SXI/TMI	84.027	170450-1617	363,764	363,764	80,231	-	80,231	-	-	-
Lincoln SXI/TMI	84.027	180450-1718	336,568	-	-	-	230,908	336,568	105,660	-
Ken-O-Sha Regional Diagnostic	84.027	170450-1617	2,382	1,080	-	-	-	-	-	-
Ken-O-Sha Regional Diagnostic	84.027	180450-1718	-	-	-	-	-	-	-	-
SEI	84.027	170450-1617	207,409	207,409	44,172	-	44,172	-	-	-
SEI	84.027	180450-1718	252,426	-	-	-	176,555	252,426	75,871	-
Disproportionate 15%	84.027	170450-1617	822,000	822,000	157,746	-	157,746	-	-	-
Disproportionate 15%	84.027	180450-1718	714,000	-	-	-	529,889	714,000	184,111	-
Support Services (CEIS)	84.027	170450-1617	14,219	14,219	1,040	-	1,040	-	-	-
Support Services (CEIS)	84.027	180450-1718	-	-	-	-	-	-	-	-
Total IDEA			11,353,711	5,693,160	1,281,574	-	5,487,715	5,659,249	1,453,108	-

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2018

Program Title/Project Number/Subrecipient Name	CFDA Number	Grant/Project Number	Approved	(Memo Only)	Accrued	Adjustments	Federal Funds/	Expenditures	Accrued	Current Year
			Awards Amount	Prior Year Expenditures	Revenue at July 1, 2017	and Transfers	Payments In-kind Received		Revenue at June 30, 2018	Cash Transferred to Subrecipient
Clusters (continued):										
Special Education Cluster - U.S. Department of Education -										
Passed through Kent County ISD (continued):										
Pre-primary Impaired Teachers	84.173	170460-1617	\$ 197,738	\$ 197,738	\$ 62,382	\$ -	\$ 62,382	\$ -	\$ -	\$ -
Pre-primary Impaired Teachers	84.173	180460-1718	154,541	-	-	-	120,496	154,541	34,045	-
Pre-primary Impaired Teachers-Center Programs	84.173	170460-1617	84,086	84,086	1,231	-	1,231	-	-	-
Pre-primary Impaired Teachers-Center Programs	84.173	180460-1718	134,852	-	-	-	102,421	134,852	32,431	-
Total Preschool			571,217	281,824	63,613	-	286,530	289,393	66,476	-
Total Special Education Cluster			11,924,928	5,974,984	1,345,187	-	5,774,245	5,948,642	1,519,584	-
Medicaid Cluster - U.S. Department of Health and Human Services -										
Passed through Kent County ISD - Medicaid-Outreach										
	93.778	N/A	56,632	-	-	-	-	56,632	56,632	-
Other federal awards:										
U.S. Department of Education:										
Direct Programs:										
Indian Education Formula Grant Program	84.060A	S090A162152	74,435	74,435	32,119	-	32,119	-	-	-
Indian Education Formula Grant Program	84.060A	S090A172152	74,265	-	-	-	28,518	65,063	36,545	-
Total Noncluster Direct Programs			148,700	74,435	32,119	-	60,637	65,063	36,545	-
Passed through the Michigan Department of Education:										
Adult Basic Education	84.002A	171130-171417	280,000	184,623	47,016	-	47,016	-	-	-
EI/Civics Education	84.002A	171120-175417	40,000	39,893	10,694	-	10,694	-	-	-
Total Adult Basic Education and EI/Civics Education			320,000	224,516	57,710	-	57,710	-	-	-
Title I Part A	84.010	171530-1617	11,921,307	9,344,520	2,659,713	-	2,973,864	314,151	-	-
Title I Part A	84.010	181530-1718	13,350,349	-	-	-	7,175,871	10,210,640	3,034,769	-
Total Title I Part A			25,271,656	9,344,520	2,659,713	-	10,149,735	10,524,791	3,034,769	-
Migrant Education Summer	84.011	171830-1617	22,244	285	285	-	4,877	4,592	-	-
Migrant Education Summer	84.011	181830-1718	13,992	-	-	-	-	2,011	2,011	-
Migrant Education	84.011	171890-1617	27,508	10,041	615	-	615	-	-	-
Migrant Education	84.011	181890-1718	43,794	-	-	-	1,527	2,317	790	-
Total Migrant Education			107,538	10,326	900	-	7,019	8,920	2,801	-
Title I, Part D	84.013	171700-1617	184,315	96,540	70,253	-	83,242	12,989	-	-
Title I, Part D	84.013	181700-1718	160,036	-	-	-	25,625	88,435	62,810	-
Total Title I, Part D			344,351	96,540	70,253	-	108,867	101,424	62,810	-

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2018

Program Title/Project Number/Subrecipient Name	CFDA Number	Grant/Project Number	Approved	(Memo Only)	Accrued	Adjustments	Federal Funds/	Expenditures	Accrued	Current Year
			Awards Amount	Prior Year Expenditures	Revenue at July 1, 2017	and Transfers	Payments In-kind Received		Revenue at June 30, 2018	Cash Transferred to Subrecipient
Other federal awards (continued):										
U.S. Department of Education (continued):										
Passed through the Michigan Department of Education (continued):										
Twenty-First Century Community Learning Center:										
Community Learning Center	84.287C	172110-G12027	\$ 307,035	\$ 307,035	\$ 36,466	\$ -	\$ 36,466	\$ -	\$ -	\$ -
Community Learning Center	84.287C	172110-H13036	675,000	670,480	170,824	-	170,824	-	-	-
Community Learning Center	84.287C	172110-H13037	540,000	535,547	125,979	-	125,979	-	-	-
Community Learning Center	84.287C	172110-I14022	675,000	662,440	158,572	-	158,572	-	-	-
Community Learning Center	84.287C	172110-I14023	675,000	668,619	175,906	-	175,906	-	-	-
Community Learning Center	84.287C	172110-I14024	540,000	540,000	110,856	-	110,856	-	-	-
Community Learning Center	84.287C	172110-I14026	540,000	540,000	102,580	-	102,580	-	-	-
Community Learning Center	84.287C	182110-H13036	675,000	-	-	-	412,377	609,281	196,904	-
Community Learning Center	84.287C	182110-H13037	540,000	-	-	-	366,149	507,541	141,392	-
Community Learning Center	84.287C	182110-I14022	675,000	-	-	-	451,828	605,072	153,244	-
Community Learning Center	84.287C	182110-I14023	675,000	-	-	-	433,480	600,252	166,772	-
Community Learning Center	84.287C	182110-I14024	540,000	-	-	-	339,184	452,357	113,173	-
Community Learning Center	84.287C	182110-I14026	540,000	-	-	-	359,218	474,706	115,488	-
Total Twenty-First Century Community Learning Center			7,597,035	3,924,121	881,183	-	3,243,419	3,249,209	886,973	-
Title III - Immigrant Students	84.365	170570-1617	67,887	20,811	(767)	-	(767)	-	-	-
Title III - Immigrant Students	84.365	180570-1718	30,800	-	-	-	30,113	30,113	-	-
Title III - Limited English Proficiency	84.365	160580-1516	618,637	454,074	119	(119)	-	-	-	-
Title III - Limited English Proficiency	84.365	170580-1617	631,305	397,757	112,854	-	129,241	16,387	-	-
Title III - Limited English Proficiency	84.365	180580-1718	687,439	-	-	-	366,612	412,202	45,590	-
Total Title III	84.365		2,036,068	872,642	112,206	(119)	525,199	458,702	45,590	-
Title II, Part A	84.367	170520-1617	2,832,106	2,236,007	602,147	-	644,694	42,547	-	-
Title II, Part A	84.367	180520-1718	2,221,510	-	-	-	1,308,580	1,899,458	590,878	-
Total Title II, Part A (Improving Teacher Quality)	84.367		5,053,616	2,236,007	602,147	-	1,953,274	1,942,005	590,878	-
Title IV	84.424A	180750-1718	164,823	-	-	-	-	20,350	20,350	-
Total noncluster programs passed through the Michigan Department of Education			40,895,087	16,708,672	4,384,112	(119)	16,045,223	16,305,401	4,644,171	-
Total U.S. Department of Education Noncluster Programs			41,043,787	16,783,107	4,416,231	(119)	16,105,860	16,370,464	4,680,716	-
U.S. Department of Defense - Direct Program:										
Army JROTC Program	12.401	Title 10 Section 2031	153,738	153,738	11,716	-	11,716	-	-	-
Army JROTC Program	12.401	Title 10 Section 2031	134,197	-	-	-	118,796	134,197	15,401	-
Total U.S. Department of Defense			287,935	153,738	11,716	-	130,512	134,197	15,401	-
U.S. Department of Defense - Direct Program - Passed through Grand Valley State University:										
Groundswell FORCES Project	11.429	GVSU-204205-02	15,598	12,442	678	-	678	-	-	-
Groundswell FORCES Project	11.429	GVSU-204205-02	7,428	-	-	-	6,049	6,834	785	-
Total U.S. Groundswell FORCES Project			23,026	12,442	678	-	6,727	6,834	785	-
Total federal awards			\$ 73,773,996	\$ 32,505,255	\$ 6,324,748	\$ (119)	\$ 33,118,829	\$ 33,373,473	\$ 6,579,273	\$ -

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Grand Rapids Public Schools (the "School District") under programs of the federal government for the year ended June 30, 2018. The information in the 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* (the "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, changes in net position, or cash flows of the School District.

The School District did not have any payments to subrecipients during the reporting period.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or 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*, 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. Pass-through entity identifying numbers are presented where available.

The School District has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Adjustments and Transfers

During the year ended June 30, 2018, adjustments were made to previously reported grant expenditures and receivables for Title III - Limited English Proficiency (84.365).

Note 4 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 5 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Grand Rapids Public Schools

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 X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported
- Noncompliance material to financial statements noted? X Yes _____ None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
10.553, 10.555, 10.556, 10.559 84.287C	Child Nutrition Cluster 21st Century	Unmodified Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$1,001,204

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

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2018

Section II - Financial Statement Audit Findings

Reference Number	Finding
2018-001	<p>Finding Type - Material noncompliance with laws and regulations</p> <p>Criteria - The School District has procurement policies and procedures that require purchases of supplies, materials, and equipment over \$12,500, using bond proceeds, to be bid in accordance with MCL 380.1274(1).</p> <p>Condition - The School District did not perform the bid process in accordance with bidding procedures outlined in MCL 380.1274(1) for the current year in relation to three purchases exceeding the \$12,500 threshold.</p> <p>Context - The population tested included all purchases from the 2016 Technology Fund, the 2016 Security Fund, and the 2016 Construction Capital Project Fund that were greater than \$12,500 and were required to be in compliance with MCL 380.1274(1). Five purchases ranging from approximately \$35,000 to approximately \$960,000 were determined to be noncompliant with the bidding process, as outlined in MCL 380.1274(1). The purchases were otherwise allowable under the bond ordinance.</p> <p>Cause - There was a misinterpretation by management regarding the bidding procedure process as outlined in MCL 380.1274(1).</p> <p>Effect - The School District did not follow required procurement policies and procedures.</p> <p>Recommendation - The School District should communicate the procurement policies and procedures to all those involved in purchasing so it may mitigate the risk of not following the procurement policies and procedures in the future.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Procurement policies and procedures have been communicated to all those involved in purchasing during the current fiscal year. Furthermore, the business office established overlapping responsibilities and levels of review in this area to ensure that purchases over the applicable threshold are bid following the proper process.</p>

Grand Rapids Public Schools

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2018

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2018-002	<p>Finding Type - Significant deficiency</p> <p>Criteria - The School District has a Sinking Fund that limits allowable expenditures to be used for the purchase of real estate for sites for, and the construction or repair of, school buildings, in accordance with MCL 380.1212(1)(a).</p> <p>Condition - The School District initially used funds from the Sinking Fund to make purchases of technology equipment and improvements that are not allowable in accordance with MCL 380.1212(1)(a)</p> <p>Context - The population tested included all purchases from the Sinking Fund that were used for the purchase of technology equipment and improvements. The School District made \$20,264 of technology equipment and improvement expenditures that were noncompliant with MCL 380.1212(1)(a). The School District corrected the error and recorded the expenditures in the 2016 Construction Fund and the General Fund, where the expenditures are considered allowable.</p> <p>Cause - There was a misinterpretation by management regarding the allowable expenditures as outlined in MCL 380.1212(1)(a).</p> <p>Effect - The School District did not follow the required review and approval process to determine the allowability of purchases using Sinking Funds.</p> <p>Recommendation - The School District communicates the types of allowable expenditures made with the Sinking Fund to all those involved in purchasing to mitigate the risk of unallowable purchases in the future.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Allowable expenditures to be made with the Sinking Fund have been communicated to all those involved in purchasing during the current fiscal year. Furthermore, the business office established overlapping responsibilities and levels of review in this area to ensure purchases made with the Sinking Fund are allowable expenditures.</p>

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	