

HENRY FORD ACADEMY: SCHOOL FOR CREATIVE STUDIES

SINGLE AUDIT

JUNE 30, 2017

HENRY FORD ACADEMY: SCHOOL FOR CREATIVE STUDIES
SINGLE AUDIT REPORT
JUNE 30, 2017

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**GREGORY
TERRELL
& COMPANY**

**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 Directors
Public School Academies of Detroit

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 Henry Ford Academy: School for Creative Studies' (the "Academy") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 cursive script that reads "Gregory Terrell & Company".

GREGORY TERRELL & COMPANY
Certified Public Accountants

October 31, 2017



**GREGORY
TERRELL
& COMPANY**

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

To the Board of Directors
Public School Academies of Detroit

Report on Compliance for Each Major Federal Program

We have audited Henry Ford Academy: School for Creative Studies' (the "Academy") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2017. The Academy'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy'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 Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, the Academy, 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, 2017.

Report on Internal Control Over Compliance

Management of the Academy 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 Academy'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 Academy'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 Henry Ford Academy: School for Creative Studies as of and for the year ended June 30, 2017, and have issued our report thereon dated October 31, 2017, 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.



GREGORY TERRELL & COMPANY
Certified Public Accountants

October 31, 2017

HENRY FORD ACADEMY: SCHOOL FOR CREATIVE STUDIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Grant Project Number	Approved Grant Award Amount	Accrued or (Deferred) Revenue at July 1, 2016	Federal Funds/ Payments In-kind Received	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2017
Clusters:							
Child Nutrition Cluster - U.S. Department of Agriculture							
Passed through the Michigan Department of Education							
Noncash Assistance: (Commodities)							
National School Lunch Program Bonus Commodities 2016-2017	10.555	82703	\$ 35,347	\$ -	\$ 35,347	\$ 35,347	\$ -
Cash Assistance:							
National School Lunch Program							
Project number - 161960	10.555	161960	334,546	21,171	21,171	-	-
Project number - 171960	10.555	171960	367,544	-	367,544	367,544	-
Total National School Lunch (including commodities) Subtotal			737,437	21,171	424,062	402,891	-
National School Breakfast							
Project number - 161970	10.553	161970	42,798	3,266	3,266	-	-
Project number - 171970	10.553	171970	53,281	-	53,281	53,281	-
Total National School Breakfast Subtotal			96,079	3,266	56,547	53,281	-
Total Child Nutrition Cluster			\$ 833,516	\$ 24,437	\$ 480,609	\$ 456,172	\$ -
Other Federal Awards							
Passed through the Michigan Department of Education							
Title I, Part A-Improving Basic Programs	84.010	161630-1516	\$ 966,242	\$ 131,383	\$ 225,710	\$ 94,327	\$ -
Title I, Part A-Improving Basic Programs	84.010	171630-1617	975,495	-	607,077	771,397	164,320
Total Title I Part A			1,941,737	131,383	832,787	865,724	164,320
Title II, Part A - Improving Teacher Quality	84.367	160520-1516	201,414	6,596	38,887	32,291	-
Title II, Part A - Improving Teacher Quality	84.367	170520-1617	142,932	-	72,384	75,084	2,700
Total Title II Part A			344,346	6,596	111,271	107,375	2,700
Total noncluster programs passed through the Michigan Department of Education			\$ 2,286,083	\$ 137,979	\$ 944,058	\$ 973,099	\$ 167,020
Passed through the Wayne RESA							
Wayne County RESA IDEA	84.027A	16	\$ 229,905	\$ 8,962	\$ 58,492	\$ 49,530	\$ -
Wayne County RESA IDEA	84.027A	17	225,476	-	128,575	225,476	96,901
Total noncluster programs passed through Wayne RESA			\$ 455,381	\$ 8,962	\$ 187,067	\$ 275,006	\$ 96,901
TOTAL FEDERAL AWARDS			\$ 3,574,980	\$ 171,378	\$ 1,611,734	\$ 1,704,277	\$ 263,921

The accompanying notes are an integral part of this schedule.

HENRY FORD ACADEMY: SCHOOL FOR CREATIVE STUDIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

(1) **SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal financial awards programs of the Academy and is presented on the same basis of accounting as the basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other agencies are included in the schedule. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

(2) **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

(3) **GRANT SECTION AUDITOR'S REPORT**

The Academy utilized the CMS Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

(4) **MAJOR PROGRAMS**

Major programs were determined in accordance with the Uniform Guidance.

(5) **RECONCILIATION OF FEDERAL REVENUE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Revenue - Financial Statements

General Fund	\$ 1,250,219
Other Non-Major Governmental Funds	456,172
Total Federal Revenue	<u>\$ 1,706,391</u>

Federal Expenditures - Schedule of	\$ 1,704,277
E-rate Revenue - Current Year	1,670
Prior Year Unavailable Revenue - Title II	444
Total Federal Revenue Reported	<u>\$ 1,706,391</u>

(6) **INDIRECT COST**

The 10% de minimis indirect cost rate was not elected.

HENRY FORD ACADEMY: SCHOOL FOR CREATIVE STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

SECTION I: SUMMARY OF AUDITOR'S RESULTS

- (1) The auditors' report expresses an unmodified opinion on the financial statements of the Academy.
- (2) There were no significant deficiencies or material weaknesses disclosed during the audit of the financial statements.
- (3) No instances of noncompliance material to the financial statements of the Academy, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (4) There were no significant deficiencies or material weaknesses in internal control over major federal award programs disclosed during the audit.
- (5) The auditors' report on compliance for the major federal award programs for the Academy expresses an unqualified opinion on all major federal programs.
- (6) There are no audit findings that are required to be reported in accordance with Uniform Guidance.
- (7) The programs tested as major programs were:

Child Nutrition Cluster	CFDA 10.553 and 10.555
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- (8) The threshold used for distinguishing between Type A and B programs was \$750,000.
- (9) The Academy did qualify as a low-risk auditee.

SECTION II: FINANCIAL STATEMENT FINDINGS

There are no financial statement findings for the year ended June 30, 2017.

SECTION III: FEDERAL AWARDS FINDINGS

There are no Federal Awards findings for the year ended June 30, 2017.

HENRY FORD ACADEMY: SCHOOL FOR CREATIVE STUDIES
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

I. SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings and questioned costs for the year ended June 30, 2016.