

**Midland Public Schools**

**Single Audit Report**

**June 30, 2019**



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**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 Auditors' Report**

Members of the Board of Education  
Midland Public Schools  
Midland, 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 Midland Public Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Midland Public Schools' basic financial statements, and have issued our report thereon dated August 27, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Midland Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Midland Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Midland Public Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Midland Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Yeo & Yeo, P.C.*

Midland, Michigan  
August 27, 2019



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## **Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

### **Independent Auditors' Report**

Members of the Board of Education  
Midland Public Schools  
Midland, Michigan

#### **Report on Compliance for Each Major Federal Program**

We have audited Midland Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Midland Public Schools' major federal programs for the year ended June 30, 2019. Midland Public Schools' major federal programs are identified in the summary of auditors' 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 Midland Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Midland Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Midland Public Schools' compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Midland Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## **Report on Internal Control over Compliance**

Management of Midland Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Midland Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Midland Public Schools' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 Midland Public Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Midland Public Schools' basic financial statements. We issued our report thereon dated August 27, 2019, 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.

*Yeo & Yeo, P.C.*

Midland, Michigan  
August 27, 2019

**Midland Public Schools**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2019**

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1, 2018	Federal Funds/ Payments In-kind	Expenditures	Adjustments	Accrued (Unearned) Revenue June 30, 2019
U.S. Department of Agriculture									
Nutrition Cluster									
Passed through Michigan Department of Education									
Non-cash assistance (commodities)									
Entitlement	N/A	10.555	\$ 137,734	\$ -	\$ -	\$ 137,734	\$ 137,734	\$ -	\$ -
Pilot			1,221	-	-	1,221	1,221	-	-
Cash assistance									
School Breakfast Program 2017-2018	181970	10.553	276,971	248,666	15,324	43,629	28,305	-	-
School Breakfast Program 2018-2019	191970		276,868	-	-	267,751	276,868	-	9,117
National School Lunch 2017-2018	181960	10.555	877,296	787,106	46,241	136,431	90,190	-	-
National School Lunch 2018-2019	191960		811,334	-	-	787,349	811,334	-	23,985
Snacks Program 2018-2019	191980		325	-	-	325	325	-	-
Summer Food Service Program for Children 2017-2018	181900	10.559	5,645	-	1,317	6,962	5,645	-	-
Summer Food Service Program for Children 2018-2019	180900		109,856	-	-	81,724	109,856	-	28,132
Total Department of Agriculture					<u>62,882</u>	<u>1,463,126</u>	<u>1,461,478</u>	<u>-</u>	<u>61,234</u>
U.S. Department of Education									
Special Education Cluster									
Passed through the Midland County Educational Service Agency									
Special Education Grants to States 2017-2018	1004501112	84.027A	123,739	94,352	33,070	65,708	50,442	-	17,804
Special Education Grants to States 2018-2019	1004501112		146,199	-	-	48,114	78,896	-	30,782
					<u>33,070</u>	<u>113,822</u>	<u>129,338</u>	<u>-</u>	<u>48,586</u>
Passed through Michigan Department of Education									
Title I, Part A									
Title I Grants to Local Educational Agencies 2017-2018	181530	84.010	1,141,569	773,284	103,533	167,465	63,932	-	-
Title I Grants to Local Educational Agencies 2018-2019	191530		893,469	-	-	500,000	799,169	-	299,169
					<u>103,533</u>	<u>667,465</u>	<u>863,101</u>	<u>-</u>	<u>299,169</u>
Title I State Agency Program for Neglected and Delinquent Children and Youth 2017-2018	181700	84.013	121,660	37,139	2,402	53,842	51,440	-	-
Title I State Agency Program for Neglected and Delinquent Children and Youth 2018-2019	191700		127,692	-	-	10,519	27,321	-	16,802
					<u>2,402</u>	<u>64,361</u>	<u>78,761</u>	<u>-</u>	<u>16,802</u>
Title II, Part A									
Supporting Effective Instruction State Grants 2017-2018	180520	84.367	364,402	279,217	30,680	49,236	18,556	-	-
Supporting Effective Instruction State Grants 2018-2019	190520		329,999	-	-	131,000	227,795	-	96,795
					<u>30,680</u>	<u>180,236</u>	<u>246,351</u>	<u>-</u>	<u>96,795</u>
Education for Homeless Children and Youth									
Passed through the Clare-Gladwin Regional Education Services District									
Education for Homeless Children and Youth 2017-2018	1223201112	84.196A	8,674	2,246	227	-	-	227	-
Education for Homeless Children and Youth 2018-2019	1223201112		9,536	-	-	5,938	6,509	-	571
					<u>227</u>	<u>5,938</u>	<u>6,509</u>	<u>227</u>	<u>571</u>
Passed through Michigan Department of Education									
Student Support and Academic Enrichment Program 2018-2019	190750	84.424	62,206	-	-	23,333	40,239	-	16,906
Total Department of Education					<u>169,912</u>	<u>1,055,155</u>	<u>1,364,299</u>	<u>227</u>	<u>478,829</u>
Total Federal Programs					<u>\$ 232,794</u>	<u>\$ 2,518,281</u>	<u>\$ 2,825,777</u>	<u>\$ 227</u>	<u>\$ 540,063</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards



**Midland Public Schools**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2019**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Midland Public Schools under programs of the federal government for the year ended June 30, 2019. 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 Midland Public Schools, it is not intended to and does not present the financial position, changes in financial positions of Midland Public Schools.

**Note 2 - Summary of Significant Accounting Policies**

**Expenditures**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate**

Midland Public Schools has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3 - Reconciliation to the Financial Statements**

The federal revenues per the financial statements reconcile to the schedule of expenditures of federal awards as shown below:

Federal expenditures per the Schedule of Expenditures of Federal Awards	\$	2,825,777
Adjustments		<u>(227)</u>
Federal revenues per the financial statements		<u><u>\$ 2,825,550</u></u>

**Note 4 - Subrecipients**

No amounts were provided to subrecipients.

**Note 5 - Michigan Department of Education Disclosures**

The federal amounts reported on the grant auditor report are in agreement with the schedule of expenditures of federal awards except for the following timing difference of when the deposit was made:

Program	CFDA	Receipts per GAR	Receipts per SEFA	Difference
National School Breakfast	10.553	\$ 320,496	\$ 311,380	\$ 9,116
National School Lunch	10.555	948,090	924,104	23,986

The amounts reported on the recipient entitlement balance report agree with the schedule of expenditures of federal awards for U.S.D.A. donated food commodities.

An adjustment of \$227 was made to Education for Homeless Children and Youth 2017-2018 for expenditures and a receivable in the fiscal year ending June 30, 2018 that were not collected.



**Midland Public Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

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**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no *Government Auditing Standards* findings for the year ended June 30, 2019.

**SECTION III - FEDERAL AWARD FINDINGS**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2019.

**Midland Public Schools**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2019**

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**SECTION IV - PRIOR AUDIT FINDINGS**

**GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no *Government Auditing Standards* findings for the year ended June 30, 2018.

**FEDERAL AWARD FINDINGS**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2018.