

MESICK CONSOLIDATED SCHOOLS

MESICK, MICHIGAN

SINGLE AUDIT

JUNE 30, 2012

Baird, Cotter and Bishop, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

MESICK CONSOLIDATED SCHOOLS
MESICK, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	<u>PAGES</u>
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>	1-2
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards	5-6
Notes to Schedule of Expenditures of Federal Awards	7
Summary Schedule of Prior Audit Findings	8
Schedule of Findings and Questioned Costs	9-10

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

July 26, 2012

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
Mesick Consolidated Schools
Mesick, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mesick Consolidated Schools as of and for the year ended June 30, 2012, which collectively comprise Mesick Consolidated Schools' basic financial statements and have issued our report thereon dated July 26, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of Mesick Consolidated Schools is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Mesick Consolidated Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mesick Consolidated Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mesick Consolidated Schools' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mesick Consolidated Schools' financial statements are free of 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*.

We noted certain other matters that we reported to management of Mesick Consolidated Schools in a separate letter dated July 26, 2012.

This report is intended solely for the information and use of management, the Board of Education, others within the district, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

July 26, 2012

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Mesick Consolidated Schools
Mesick, Michigan

COMPLIANCE

We have audited Mesick Consolidated School's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Mesick Consolidated School's major federal programs for the year ended June 30, 2012. Mesick Consolidated Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Mesick Consolidated Schools' management. Our responsibility is to express an opinion on Mesick Consolidated Schools' compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Mesick Consolidated 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. Our audit does not provide a legal determination of Mesick Consolidated Schools' compliance with those requirements.

In our opinion, Mesick Consolidated Schools complied in all material respects, with the 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, 2012.

INTERNAL CONTROL OVER COMPLIANCE

Management of Mesick Consolidated Schools' is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Mesick Consolidated Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Mesick Consolidated 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mesick Consolidated Schools as of and for the year ended June 30, 2012, and have issued our report thereon dated July 26, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mesick Consolidated School's financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Education, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MESICK CONSOLIDATED SCHOOLS

MESICK, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE / GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2011	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2012	ADJUSTMENTS
U.S. Department of Education								
Passed Through Michigan Department of Education (M.D.E.)								
Title I - Part A Improving Basic Programs								
Project No. 121530 1112	84.010	\$ 355,077	\$ 0	\$ 0	\$ 330,839	\$ 230,431	\$ 100,408	\$ 0
Project No. 111530 1011	84.010	423,175	101,249	394,609	21,104	122,353	0	0
Total	84.010	778,252	101,249	394,609	351,943	352,784	100,408	0
ARRA Title I - Part A								
Project No. 111535 1011	84.389	112,291	31,055	101,834	10,457	41,512	0	0
Total Title I - Part A Cluster		890,543	132,304	496,443	362,400	394,296	100,408	0
Title VI-B								
Rural and Low Income								
Project No. 120660 1112	84.358B	15,184	0	0	12,542	9,271	3,271	0
Project No. 110660 1011	84.358B	20,794	2,858	20,794	0	2,858	0	0
Total	84.358B	35,978	2,858	20,794	12,542	12,129	3,271	0
Title IIA - Improving Teacher Quality								
Project No. 120520 1112	84.367	99,235	0	0	77,219	25,775	51,444	0
Project No. 110520 1011	84.367	66,547	2,225	19,097	3,609	5,834	0	0
Total	84.367	165,782	2,225	19,097	80,828	31,609	51,444	0
Education Jobs								
Project No. 112545 1011	84.410A	169,715	0	68,713	101,002	72,321	28,681	0
Total U.S. Department of Education		1,262,018	137,387	605,047	556,772	510,355	183,804	0
U.S. Department of Health and Human Services								
Passed Through Wexford-Missaukee Intermediate School District								
Medicaid Outreach - No Project Number	93.778	1,063	0	0	1,063	1,063	0	0
U.S. Department of Agriculture								
Child Nutrition Cluster:								
Passed Through Michigan Department of Education (M.D.E)								
National School Lunch Program								
Section 11 - Free and Reduced - 101960 and 111960	10.555	179,573	0	0	179,573	179,573	0	0
School Lunch Breakfast Program								
Breakfast - 111970 and 121970	10.553	79,797	0	0	79,797	79,797	0	0
Summer Food Service Program								
110900 and 111900	10.559	6,608	1,175	1,175	6,608	6,590	1,193	0
Total Cash Assistance		265,978	1,175	1,175	265,978	265,960	1,193	0

See accompanying notes

MESICK CONSOLIDATED SCHOOLS

MESICK, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE / GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2011	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2012	ADJUSTMENTS
Food Distribution								
Entitlement Commodities	10.555	18,783	0	0	18,783	18,783	0	0
Bonus Commodities	10.555	4,872	0	0	4,872	4,872	0	0
Total Non-Cash Assistance	10.555	23,655	0	0	23,655	23,655	0	0
Total Child Nutrition Cluster		289,633	1,175	1,175	289,633	289,615	1,193	0
Fresh Fruit and Vegetable Program								
110950	10.582	22,792	5,286	22,792	0	5,286	0	0
120950	10.582	21,668	0	0	21,668	19,315	2,353	0
Total	10.582	44,460	5,286	22,792	21,668	24,601	2,353	0
Passed Through Wexford County and Manistee County, Michigan Schools and Roads: Grants to States - No Project Number	10.665	43,197	0	0	43,197	43,197	0	0
Total U.S. Department of Agriculture		377,290	6,461	23,967	354,498	357,413	3,546	0
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 1,640,371	\$ 143,848	\$ 629,014	\$ 912,333	\$ 868,831	\$ 187,350	\$ 0
					(B)	(C)		

See accompanying notes

MESICK CONSOLIDATED SCHOOLS
MESICK, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described in footnote (1) to the June 30, 2012, basic financial statements.

(B) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Federal Sources - Statement of Revenues,	
Expenditures and Changes in Fund Balances - Governmental Funds	\$ <u>912,333</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	\$ <u>912,333</u>

(C) Reconciliation of Grant Auditor Report with Schedule of Expenditures of Federal Awards

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

Current Cash Payments per Cash Management System (CMS)	\$ 800,915
Add Items Not on CMS Report:	
Amounts Received Through Intermediate School District	
Medicaid Outreach	\$ 1,063
Amounts Received as Payments in Kind	
Food Distribution Program	
Entitlement Commodities	18,783
Bonus Commodities	4,872
Amounts Received Through Wexford and Manistee County Schools and Roads - National Forest Land	43,197
Rounding	<u>1</u>
	<u>67,916</u>
Current Year Cash Receipts per Schedule of Expenditures of Federal Awards	\$ <u>868,831</u>

MESICK CONSOLIDATED SCHOOLS
MESICK, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal Control over financial reporting:

Material weakness(es) identified: _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified: _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low risk? X Yes _____ No

MESICK CONSOLIDATED SCHOOLS
MESICK, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

