

**Ionia County  
Intermediate School District**

**Single Audit Report**

**June 30, 2018**



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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**

Management and the Board of Education  
Ionia County Intermediate School District  
Ionia, 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 the Ionia County Intermediate School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Ionia County Intermediate School District's basic financial statements, and have issued our report thereon dated October 22, 2018.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ionia County Intermediate 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 Ionia County Intermediate School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ionia County Intermediate 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 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 Ionia County Intermediate 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 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.*

Alma, Michigan  
October 22, 2018



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

### **Independent Auditors' Report**

Management and the Board of Education  
Ionia County Intermediate School District  
Ionia, Michigan

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

We have audited Ionia County Intermediate School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ionia County Intermediate School District's major federal programs for the year ended June 30, 2018. Ionia County Intermediate School District's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Ionia County Intermediate 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* (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 Ionia County Intermediate 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 Ionia County Intermediate School District's compliance.

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

In our opinion, Ionia County Intermediate 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 its major federal programs for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of Ionia County Intermediate 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 Ionia County Intermediate 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 Ionia County Intermediate School District'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 Ionia County Intermediate School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Ionia County Intermediate School District's basic financial statements. We issued our report thereon dated October 22, 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 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.*

Alma, Michigan  
October 22, 2018

**Ionia County Intermediate School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue At 7/1/2017	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue At 6/30/2018	Current Year Cash Transferred to Subrecipient
<b>U.S. Department of Agriculture</b>									
<i>Passed Through the Michigan Department of Education:</i>									
Summer Food Service Program for Children	10.559	170900	\$ 694	\$ -	\$ -	\$ 694	\$ 694	\$ -	\$ -
Summer Food Service Program for Children	10.559	171900	73	-	-	73	73	-	-
Total 10.559			<u>767</u>	<u>-</u>	<u>-</u>	<u>767</u>	<u>767</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Education</b>									
<i>Passed Through the Michigan Department of Education:</i>									
Title I Grants to Local Educational Agencies	84.010A	171530 - 1617	59,310	9,786	59,310	9,786	-	-	-
Title I Grants to Local Educational Agencies	84.010A	181700 - 1718	41,533	-	-	27,793	41,533	13,740	-
Total 84.010A			<u>100,843</u>	<u>9,786</u>	<u>59,310</u>	<u>37,579</u>	<u>41,533</u>	<u>13,740</u>	<u>-</u>
<i>Passed Through Montcalm County Intermediate School District:</i>									
Career and Technical Education - Basic Grants to States	84.048A	173520 - 171210	69,901	13,566	69,901	13,566	-	-	-
<i>Passed Through Gratiot Isabella RESD:</i>									
Career and Technical Education - Basic Grants to States	84.048A	183520 - 181210	76,672	-	-	72,075	76,672	4,597	-
Total 84.048A			<u>146,573</u>	<u>13,566</u>	<u>69,901</u>	<u>184,641</u>	<u>177,344</u>	<u>9,197</u>	<u>-</u>
<i>Passed Through the Michigan Department of Education:</i>									
Special Education Cluster									
Special Education - Grants to States	84.027A	170480 - 1617	50,000	235	50,000	235	-	-	-
Special Education - Grants to States	84.027A	180480 - E OSD	50,000	-	-	48,789	50,000	1,211	-
Special Education - Grants to States	84.027A	170490 - 1617	58,000	993	58,000	993	-	-	-
Special Education - Grants to States	84.027A	180491 - TC	58,000	-	-	56,672	58,000	1,328	-
Special Education - Grants to States	84.027A	160450 - 15-16	2,513,546	32,467	2,513,546	32,467	-	-	-
Special Education - Grants to States	84.027A	170450 - 16-17	2,586,792	441,507	2,037,503	951,896	549,289	38,900	-
Special Education - Grants to States	84.027A	180450 - 17-18	2,542,858	-	-	1,630,517	2,019,939	389,422	-
Total 84.027A			<u>10,730,204</u>	<u>475,202</u>	<u>4,659,049</u>	<u>2,721,569</u>	<u>2,677,228</u>	<u>430,861</u>	<u>-</u>
Special Education - Preschool Grants	84.173A	160460 - 1516	107,418	1,460	107,418	1,460	-	-	-
Special Education - Preschool Grants	84.173A	170460 - 1617	110,315	13,184	62,202	57,831	48,113	3,466	-
Special Education - Preschool Grants	84.173A	180460 - 1718	109,789	-	-	79,246	94,420	15,174	-
Total 84.173A			<u>327,522</u>	<u>14,644</u>	<u>169,620</u>	<u>138,537</u>	<u>142,533</u>	<u>18,640</u>	<u>-</u>
Total Special Education Cluster				<u>489,846</u>	<u>4,828,669</u>	<u>2,860,106</u>	<u>2,819,761</u>	<u>449,501</u>	<u>-</u>
Special Education - Grants For Infants and Families	84.181A	171340 - 1617	117,389	3,606	112,432	3,606	-	-	-
Special Education - Grants For Infants and Families	84.181A	181340 - 1718	103,832	-	-	99,003	103,832	4,829	-
Total 84.181A			<u>221,221</u>	<u>3,606</u>	<u>112,432</u>	<u>102,609</u>	<u>103,832</u>	<u>4,829</u>	<u>-</u>
<i>Passed Through the Michigan Department of Education:</i>									
Supporting Effective Instruction State Grants	84.367A	170520 - 1617	11,353	859	9,664	859	-	-	-
Total U.S. Department of Education				<u>517,663</u>	<u>5,079,976</u>	<u>3,086,794</u>	<u>3,041,798</u>	<u>472,667</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>									
<i>Passed Through Michigan Department of Community Health:</i>									
Medical Assistance Program	93.778	N/A	39,074	-	-	26,805	39,074	12,269	-
<b>Total Federal Awards</b>				<u>\$ 517,663</u>	<u>\$ 5,079,976</u>	<u>\$ 3,114,366</u>	<u>\$ 3,081,639</u>	<u>\$ 484,936</u>	<u>\$ -</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards



**Ionia County Intermediate School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2018**

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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 Ionia County Intermediate School District under programs of the federal government for the year ended June 30, 2018. 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 Ionia County Intermediate School District, it is not intended to and does not present the financial position or changes in financial positions of Ionia County Intermediate School District.

**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**

Ionia County Intermediate School District 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 are in agreement with the schedule of expenditures of federal awards.

**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.

**Ionia County Intermediate School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2018**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  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 that are not considered to be material weakness(es)?  Yes  None reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u> 84.027A and 84.173A	<u>Name of Federal Program or Cluster</u> Special Education Cluster
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**Ionia County Intermediate School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2018**

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

Auditee qualified as low-risk auditee?                      X   yes          no

**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

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

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no federal award findings for the year ended June 30, 2018.

**Ionia County Intermediate School District**  
**Schedule of Prior Year Findings and Questioned Costs**  
**June 30, 2018**

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**Government Auditing Standards Findings**

There were no findings for *Government Auditing Standards* for the year ended June 30, 2017.

**Federal Award Findings**

There were no federal award findings for the year ended June 30, 2017.