

**BRIMLEY AREA SCHOOLS**  
**Chippewa County, Michigan**

Additional Reports Required by  
the Uniform Guidance

For the year ended June 30, 2018

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**BRIMLEY AREA SCHOOLS**  
For the year ended June 30, 2018

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**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***

September 15, 2018

The Board of Education  
Brimley Area Schools  
Chippewa County, 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, the major fund, and the aggregate remaining fund information of Brimley Area Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Brimley Area Schools' basic financial statements, and have issued our report thereon dated September 15, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Brimley Area 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brimley Area Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Brimley Area 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 Brimley Area 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.



Certified Public Accountants  
Grand Rapids, Michigan



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

September 15, 2018

The Board of Education  
Brimley Area Schools  
Chippewa County, Michigan

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

We have audited Brimley Area Schools' compliance with the types of compliance requirements Brimley Area Schools described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Brimley Area Schools' major federal programs for the year ended June 30, 2018. Brimley Area Schools' 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 Brimley Area 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 Brimley Area 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 Brimley Area Schools' compliance.

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

In our opinion, Brimley Area 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 September 15, 2018.

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

Management of Brimley Area 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 Brimley Area 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 Brimley Area 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 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.

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

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Brimley Area Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise of Brimley Area Schools' basic financial statements. We issued our report thereon dated September 15, 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.



Certified Public Accountants  
Grand Rapids, Michigan

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## ***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

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**BRIMLEY AREA SCHOOLS**  
For the year ended June 30, 2018

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<b>U. S. Department of Education</b>		
Direct Awards:		
Indian Education:	84.060	
S060A151691 1617		\$ 60,527
S060A151691 1718		<u>59,049</u>
Total Indian Education		<u>119,576</u>
Impact Aid:	84.041	
S041B-2016-2416		1,045,406
S041B-2017-2416		980,850
S041B-2018-2416		<u>794,896</u>
Total Impact Aid		<u>2,821,152</u>
Rural Education Achievement Program:	84.358	
S358A172050		<u>25,118</u>
Total Direct Awards		<u>2,965,846</u>
Passed Through Michigan Department of Education (MDE):		
Title I:	84.010	
1616301011 1617		91,280
1716301011 1718		<u>104,542</u>
Total Title I		<u>195,822</u>
Title IIA:		
Improving Teacher Quality:	84.367	
1805201718		<u>25,895</u>
Total Title IIA		<u>25,895</u>
Title IVA,	84.424	
Student Support and Academic Enrichment		<u>10,000</u>
Total Title IVA		<u>10,000</u>
Total Passed Through MDE		<u>231,717</u>

*See Notes to Schedule of Expenditures of Federal Awards*

<b>Accrued (Deferred) Revenue At July 1, 2017</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2018</b>
\$ 13,780	\$ 60,527	\$ -	\$ 13,780	\$ -
-	-	59,049	52,720	6,329
13,780	60,527	59,049	66,500	6,329
-	837,874	207,532	207,532	-
-	918,645	62,205	62,205	-
-	-	794,896	794,896	-
-	1,756,519	1,064,633	1,064,633	-
-	-	25,118	25,118	-
13,780	1,817,046	1,148,800	1,156,251	6,329
12,299	86,442	-	12,299	-
-	-	98,336	82,886	15,450
12,299	86,442	98,336	95,185	15,450
-	-	23,311	18,519	4,792
-	-	23,311	18,519	4,792
-	-	10,000	10,000	-
-	-	10,000	10,000	-
12,299	86,442	131,647	123,704	20,242

## ***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)***

### **BRIMLEY AREA SCHOOLS** For the year ended June 30, 2018

<b>Federal Grantor Pass Through Grantor Program Title Grant Number</b>	<b>Federal CFDA Number</b>	<b>Approved Grant Award Amount</b>
Passed Through Eastern Upper Peninsula Intermediate School District (EUPISD): Special Education Grants to States: 1804501718	84.027	\$ 34,864
<b>Total U.S. Department of Education</b>		<u>3,232,427</u>
<b>U.S. Department of Agriculture</b>		
Passed through Michigan Department of Education (MDE): Nutrition Cluster: Non-Cash Assistance (USDA Commodities): Entitlement Commodities	10.555	<u>12,450</u>
Cash Assistance: 1718 Lunch Program	10.555	115,966
1718 Breakfast Program	10.553	<u>46,694</u>
Total Cash Assistance		<u>162,660</u>
Total Nutrition Cluster		<u>175,110</u>
Passed through Chippewa County DNR: Schools and Roads Grants to States 2018	10.665	<u>108,320</u>
<b>Total U.S. Department of Agriculture</b>		<u>283,430</u>
<b>Total Federal Financial Assistance</b>		<u>\$ 3,515,857</u>

*See Notes to Schedule of Expenditures of Federal Awards*

<b>Accrued (Deferred) Revenue At July 1, 2017</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2018</b>
\$ -	\$ -	\$ 34,864	\$ 21,217	\$ 13,647
26,079	1,903,488	1,315,311	1,301,172	40,218
-	-	12,450	12,450	-
-	-	115,966	115,329	637
-	-	46,694	46,694	-
-	-	162,660	162,023	637
-	-	175,110	174,473	637
-	-	108,320	108,320	-
-	-	283,430	282,793	637
\$ 26,079	\$ 1,903,488	\$ 1,598,741	\$ 1,583,965	\$ 40,855

## ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

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### **BRIMLEY AREA SCHOOLS** For the year ended June 30, 2018

#### **Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Brimley Area Schools under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with 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 Brimley Area Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows, as applicable, of Brimley Area Schools.

#### **Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following 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* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note C – Indirect Cost Rate**

Brimley Area Schools has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

#### **Note D – Grant Section Auditor Report**

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

#### **Note E – Non-Cash Assistance**

The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with the SEFA for USDA donated food commodities.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(Continued)**

**BRIMLEY AREA SCHOOLS**  
For the year ended June 30, 2018

**Note F – Federal Income Reconciliation**

	<b>Grant Expenditures Per Schedule of Federal Financial Assistance</b>	<b>Federal Revenue Per Financial Statements</b>	<b>Difference</b>
Indian Education	\$ 59,049	\$ 59,049	\$ -
Impact Aid	1,064,633	1,064,633	-
Rural Education Achievement Program	25,118	25,118	-
Title I	98,336	98,336	-
Title II Part A	23,311	23,311	-
Title IVA	10,000	10,000	-
Special Education Grants to States	34,864	34,864	-
Child Nutrition Cluster	175,110	175,110	-
Schools and Road Grant	108,320	108,320	-
	<u>\$ 1,598,741</u>	<u>\$ 1,598,741</u>	<u>\$ -</u>

# ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**BRIMLEY AREA SCHOOLS**  
For the year ended June 30, 2018

## **Section I - Summary of Auditor's Results**

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### ***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? \_\_\_\_\_ 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 auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported on accordance with the Uniform Guidance? \_\_\_\_\_ Yes       X       No

Identification of major programs audited:       84.041             Impact Aid      

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 - Financial Statements Audit Findings**

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There were no findings that are required to be reported under *Government Auditing Standards*.

## **Section III – Major Federal Award Programs Findings and Questioned Costs**

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There were no findings or questioned costs.