

BRIMLEY AREA SCHOOLS
Chippewa County, Michigan

Additional Reports Required by
the Uniform Guidance

For the year ended June 30, 2019

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For the year ended June 30, 2019

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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 29, 2019

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, 2019, 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 29, 2019.

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 29, 2019

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 described in the *OMB Compliance Supplement* that could have a direct and material effect on Brimley Area Schools' major federal program for the year ended June 30, 2019. Brimley Area Schools' major federal programs is 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 of Brimley Area Schools' major federal program 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 its major federal program for the year ended June 30, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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, 2019, 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 29, 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.



Certified Public Accountants
Grand Rapids, Michigan

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BRIMLEY AREA SCHOOLS
For the year ended June 30, 2019

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U. S. Department of Education		
Direct Awards:		
Indian Education:	84.060	
S060A151691 1718		\$ 59,049
S060A151691 1819		61,634
Total Indian Education		120,683
Impact Aid:	84.041	
S041B-2017-2416		980,850
S041B-2018-2416		794,896
32-MI-2019-0516		848,241
Total Impact Aid		2,623,987
Rural Education Achievement Program:	84.358	
S358A182050		24,756
Total Direct Awards		2,769,426
Passed Through Michigan Department of Education (MDE):		
Title I:	84.010	
181530 1718		104,542
191530 1819		101,530
Total Title I		206,072
Title II, Part A:	84.367	
180520 1718		25,895
190520 1819		28,706
Total Title II, Part A		54,601
Title IV, Part A:	84.424	
190750 1819		10,000
Total Title IV, Part A		10,000
Title III, Part A:	84.365	
190570 1819		279
Total Title III, Part A		279
Total Passed Through MDE		270,952

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2018	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2019
\$ 6,329	\$ 59,049	\$ -	\$ 6,329	\$ -
-	-	61,634	48,538	13,096
6,329	59,049	61,634	54,867	13,096
-	62,205	85,701	85,701	-
-	794,896	171,573	171,573	-
-	-	848,241	848,241	-
-	857,101	1,105,515	1,105,515	-
-	-	24,756	13,062	11,694
6,329	916,150	1,191,905	1,173,444	24,790
15,450	98,336	-	15,450	-
-	-	88,597	70,774	17,823
15,450	98,336	88,597	86,224	17,823
4,792	23,311	-	4,792	-
-	-	19,178	13,809	5,369
4,792	23,311	19,178	18,601	5,369
-	-	10,000	-	10,000
-	-	10,000	-	10,000
-	-	279	-	279
-	-	279	-	279
20,242	121,647	118,054	104,825	33,471

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

BRIMLEY AREA SCHOOLS
For the year ended June 30, 2019

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Passed Through Eastern Upper Peninsula Intermediate School District (EUPISD): Special Education Grants to States: 1804501718	84.027	\$ 34,864
1804501819		36,114
Total Special Education Grants		70,978
Total Passed Through MDE		70,978
Total U.S. Department of Education		3,111,356
U.S. Department of Health and Human Services		
Passed Through Eastern Upper Peninsula Intermediate School District (EUPISD): Medicaid/Administrative Outreach: 1819 Medicaid Outreach	93.778	
		1,599
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE): Nutrition Cluster: Non-Cash Assistance (USDA Commodities): Entitlement Commodities	10.555	
		19,253
Cash Assistance: 1718 Lunch Program	10.555	
1819 Lunch Program		115,966
1819 Breakfast Program	10.553	113,580
		43,140
Total Cash Assistance		272,686
Total Nutrition Cluster		291,939
Passed through Chippewa County DNR: Schools and Roads Grants to States 2019	10.665	
		100,000
Total U.S. Department of Agriculture		391,939
Total Federal Financial Assistance		\$ 3,504,894

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2018	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2019
\$ 13,647	\$ 34,864	\$ -	\$ 13,647	\$ -
-	-	36,114	36,114	-
13,647	34,864	36,114	49,761	-
13,647	34,864	36,114	49,761	-
40,218	1,072,661	1,346,073	1,328,030	58,261
-	-	1,599	1,599	-
-	-	19,253	19,253	-
637	115,966	-	637	-
-	-	113,580	113,580	-
-	-	43,140	43,140	-
637	115,966	156,720	157,357	-
637	115,966	175,973	176,610	-
-	-	114,862	114,862	-
637	115,966	290,835	291,472	-
\$ 40,855	\$ 1,188,627	\$ 1,638,507	\$ 1,621,101	\$ 58,261

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BRIMLEY AREA SCHOOLS For the year ended June 30, 2019

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, 2019. 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, 2019

Note F – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Indian Education	\$ 61,634	\$ 61,634	\$ -
Impact Aid	1,105,515	1,105,515	-
Rural Education Achievement Program	24,756	24,756	-
Title I	88,597	88,597	-
Title II Part A	19,178	19,178	-
Title IVA	10,000	10,000	-
Title III	279	279	-
Special Education Grants to States	36,114	36,114	-
Medicaid Outreach	1,599	1,599	-
Child Nutrition Cluster	175,973	175,973	-
Schools and Road Grant	114,862	114,862	-
	<u>\$ 1,638,507</u>	<u>\$ 1,638,507</u>	<u>\$ -</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BRIMLEY AREA SCHOOLS
For the year ended June 30, 2019

Section I - Summary of Auditor's Results

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

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

Section III – Major Federal Award Programs Findings and Questioned Costs

There were no findings or questioned costs.