

**Romeo Community Schools**

**Single Audit Report**

**June 30, 2018**



## Table of Contents

	<b>Page</b>
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
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 the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9
Summary Schedule of Prior Audit Findings	11



800.968.0010 | yeoandyeo.com

**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  
Romeo Community Schools  
Romeo, 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 Romeo Community Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Romeo Community Schools' basic financial statements, and have issued our report thereon dated October 12, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Romeo Community 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 Romeo Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Romeo Community 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 Romeo Community 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.*

Saginaw, Michigan  
October 12, 2018



800.968.0010 | yeoandyeo.com

**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 the Uniform Guidance**

**Independent Auditors' Report**

Management and the Board of Education  
Romeo Community Schools  
Romeo, Michigan

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

We have audited Romeo Community 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 Romeo Community Schools' major federal programs for the year ended June 30, 2018. Romeo Community 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 Romeo Community 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 Romeo Community 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 Romeo Community Schools' compliance.

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

In our opinion, Romeo Community 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, 2018.

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

Management of Romeo Community 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 Romeo Community 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 Romeo Community 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 Romeo Community Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Romeo Community Schools' basic financial statements. We issued our report thereon dated October 12, 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.*

Saginaw, Michigan  
October 12, 2018

**Romeo Community Schools**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor Pass Through Grantor Program Title	Grant/Project Number	Federal CFDA Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue July 1, 2017	Current Year Expenditures	Current Year Receipts (Payments)	Accrued Revenue June 30, 2018
U.S. Department of Agriculture								
Child Nutrition Cluster								
Passed through Michigan Department of Education								
Food Distribution								
Non-cash assistance (commodities)	50190	10.555	\$ 84,069	\$ -	\$ -	\$ 84,069	\$ 84,069	\$ -
Passed through Michigan Department of Education								
Cash assistance								
School Breakfast Program 2017-18	181970	10.553	77,123	-	-	77,123	77,123	-
School Breakfast Program 2016-17	171970		80,742	74,213	-	6,529	6,529	-
					-	83,652	83,652	-
National School Lunch								
National School Lunch Program 2017-18	181960	10.555	428,270	-	-	428,270	428,270	-
National School Lunch Program 2016-17	171960		472,876	425,154	-	47,722	47,722	-
					-	475,992	475,992	-
Total Child Nutrition Cluster					-	643,713	643,713	-
U.S. Department of Education								
Special Education Cluster								
Passed through Macomb County Intermediate School District								
Special Education Grants to States 2017-18	180450	84.027	998,730	-	-	984,880	803,917	180,963
Special Education Grants to States 2016-17	170450		948,459	948,459	207,950	-	207,950	-
					207,950	984,880	1,011,867	180,963
Special Education Preschool Grants 2017-18	180460	84.173	41,508	-	-	41,508	26,880	14,628
Special Education Preschool Grants 2016-17	170460		38,244	38,244	6,024	-	6,024	-
					6,024	41,508	32,904	14,628
Total Special Education Cluster					213,974	1,026,388	1,044,771	195,591

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Romeo Community Schools**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor Pass Through Grantor Program Title	Grant/Project Number	Federal CFDA Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue July 1, 2017	Current Year Expenditures	Current Year Receipts (Payments)	Accrued Revenue June 30, 2018
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies 2017-18	181530	84.010	\$ 447,839	\$ -	\$ -	\$ 418,631	\$ 358,522	\$ 60,109
Title I Grants to Local Educational Agencies 2016-17	171530		502,247	478,682	<u>79,760</u>	<u>11,047</u>	<u>90,807</u>	<u>-</u>
					<u>79,760</u>	<u>429,678</u>	<u>449,329</u>	<u>60,109</u>
Supporting Effective Instruction State Grants 2017-18	180520	84.367	129,205	-	-	110,901	102,153	8,748
Supporting Effective Instruction State Grants 2016-17	170520		120,873	120,873	<u>18,900</u>	<u>-</u>	<u>18,900</u>	<u>-</u>
					<u>18,900</u>	<u>110,901</u>	<u>121,053</u>	<u>8,748</u>
English Language Acquisition State Grants 2017-18	180580	84.365	35,652	-	-	30,961	23,066	7,895
English Language Acquisition State Grants 2016-17	170580		43,313	40,893	<u>7,422</u>	<u>-</u>	<u>7,422</u>	<u>-</u>
					<u>7,422</u>	<u>30,961</u>	<u>30,488</u>	<u>7,895</u>
Student Support and Academic Enrichment Program 2017-18	180750	84.424	10,000	-	<u>-</u>	<u>3,730</u>	<u>3,730</u>	<u>-</u>
Passed through Macomb County Intermediate School District								
Career and Technical Education - Basic Grants to States 2017-18	183520	84.048	42,168	-	-	42,168	29,125	13,043
Career and Technical Education - Basic Grants to States 2016-17	173520		50,516	50,516	<u>3,226</u>	<u>-</u>	<u>3,226</u>	<u>-</u>
					<u>3,226</u>	<u>42,168</u>	<u>32,351</u>	<u>13,043</u>
Total Department of Education					<u>323,282</u>	<u>1,643,826</u>	<u>1,681,722</u>	<u>285,386</u>
U.S. Department of Health and Human Services								
Passed through Macomb County Community Services Agency								
Head Start	05CH8330	93.600	8,315	-	<u>-</u>	<u>8,315</u>	<u>8,315</u>	<u>-</u>
					<u>\$ 323,282</u>	<u>\$ 2,295,854</u>	<u>\$ 2,333,750</u>	<u>\$ 285,386</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Romeo Community Schools**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2018**

---

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Romeo Community Schools 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 Romeo Community Schools, it is not intended to and does not present the financial position and changes in financial positions of Romeo Community 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**

Romeo Community 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 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.

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.

**Romeo Community Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2018**

---

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

*Financial Statements*

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
  
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none

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(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   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 §200.516(a)? \_\_\_\_\_ yes        X   no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.027 & 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

**Romeo Community Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2018**

---

**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no findings related to the financial statements which are required to be reported in accordance with government auditing standards generally accepted in the United States of America for the year ended June 30, 2018.

**SECTION III - FEDERAL AWARD FINDINGS**

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

**Romeo Community Schools**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2018**

---

**SECTION IV – PRIOR AUDIT FINDINGS**

**GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no findings related to the financial statements which are required to be reported in accordance with government auditing standards generally accepted in the United States of America for the year ended June 30, 2017.

**FEDERAL AWARD FINDINGS**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2017.