

Romeo Community Schools

Single Audit Report

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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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
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, 2023, and the related notes to the financial statements, which collectively comprise Romeo Community Schools' basic financial statements and have issued our report thereon dated September 18, 2023.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

Auburn Hills, Michigan
September 18, 2023

**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

Opinion on Each Major Federal Program

We have audited Romeo Community Schools' compliance with the types of compliance requirements identified as subject to audit 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, 2023. Romeo Community Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Romeo Community 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Romeo Community Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Romeo Community Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to Romeo Community Schools' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Romeo Community Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Romeo Community Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Romeo Community Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Romeo Community Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Romeo Community Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023, and the related notes to the financial statements, which collectively comprise Romeo Community Schools' basic financial statements. We issued our report thereon dated September 18, 2023, 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.

Auburn Hills, Michigan
September 18, 2023

Romeo Community Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor Pass Through Grantor Program Title	Grant/Project Number	Assistance Listing Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue July 1, 2022	Current Year Expenditures	Current Year Receipts (Payments)	Adjustments	Accrued Revenue June 30, 2023
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Food Distribution									
Non-cash assistance (Entitlement Commodities)	50190	10.555	\$ 162,279	-	\$ -	\$ 162,279	\$ 162,279	-	-
Non-cash assistance (Entitlement Bonus)	50190	10.555	16,992	-	-	16,992	16,992	-	-
					-	179,271	179,271	-	-
Cash assistance									
School Breakfast Program 2022-23	231970	10.553	149,395	-	-	149,395	149,395	-	-
COVID-19 Seamless Summer Option (SSO) Breakfast 2021-22	221971	10.553	547,779	547,779	28,231	-	28,231	-	-
					28,231	149,395	177,626	-	-
National School Lunch Program - Lunch 2022-23	231960	10.555	719,614	-	-	719,614	719,614	-	-
COVID-19 Seamless Summer Option (SSO) Lunch 2021-22	221961	10.555	2,090,271	2,090,271	73,520	-	73,520	-	-
National School Lunch Program - After School Snack 2021-22	221980	10.555	8,661	8,661	263	-	263	-	-
Supply Chain Assistance	230910	10.555	50,812	-	-	50,812	50,812	-	-
Supply Chain Assistance	220910	10.555	187,190	92,757	-	94,433	94,433	-	-
					73,783	864,859	938,642	-	-
Total Child Nutrition Cluster					102,014	1,193,525	1,295,539	-	-
Local Food for Schools	230985	10.185	19,127	-	-	19,127	19,127	-	-
COVID-19 Pandemic EBT Local Level Costs	220980	10.649	3,135	-	-	3,135	3,135	-	-
Total Department of Agriculture					102,014	1,215,787	1,317,801	-	-
U.S. Department of Treasury									
Passed through Macomb County Intermediate School District									
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	222390-grsp2122	21.027	135,024	105,848	13,078	29,176	42,254	-	-
U.S. Department of Education									
Passed through Macomb County Intermediate School District									
Special Education Cluster									
Special Education Grants to States 2022-23	230450	84.027	1,071,304	-	-	1,060,875	901,936	-	158,939
Special Education Grants to States 2021-22	220450	84.027	1,025,080	1,025,080	168,363	-	168,363	-	-
COVID-19 ARP - Special Education Grants to States 2021-22	220450	84.027X	221,168	71,451	2,817	146,900	121,458	-	28,259
					171,180	1,207,775	1,191,757	-	187,198
IDEA Preschool Incentive 2022-23	230460	84.173	48,359	-	-	48,359	37,863	-	10,496
IDEA Preschool Incentive 2021-22	220460	84.173	42,962	42,962	8,119	-	8,119	-	-
COVID-19 ARP - Special Education Preschool Grants 2021-22	220460	84.173X	21,166	21,166	3,709	-	3,709	-	-
					11,828	48,359	49,691	-	10,496
Total Special Education Cluster					183,008	1,256,134	1,241,448	-	197,694

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, 2023

Federal Grantor Pass Through Grantor Program Title	Grant/Project Number	Assistance Listing Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue July 1, 2022	Current Year Expenditures	Current Year Receipts (Payments)	Adjustments	Accrued Revenue June 30, 2023
Passed through Macomb Intermediate School District									
Vocational Education - Perkins 2022-23	233520	84.048	\$ 113,080	\$ -	\$ -	\$ 113,080	\$ 79,227	\$ -	\$ 33,853
Vocational Education - Perkins 2021-22	223520	84.048	51,551	32,188	19,363	-	19,363	-	-
					<u>19,363</u>	<u>113,080</u>	<u>98,590</u>	<u>-</u>	<u>33,853</u>
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies 2022-23	231530	84.010	389,658	-	-	375,713	341,137	-	34,576
Title I Grants to Local Educational Agencies 2021-22	221530	84.010	363,131	363,131	49,369	-	49,313	(56)	-
					<u>49,369</u>	<u>375,713</u>	<u>390,450</u>	<u>(56)</u>	<u>34,576</u>
Passed through Michigan Department of Education									
Supporting Effective Instruction State Grants 2022-23	230520	84.367	152,110	-	-	57,118	46,691	-	10,427
Supporting Effective Instruction State Grants 2021-22	220520	84.367	196,808	142,616	12,687	2,574	15,261	-	-
					<u>12,687</u>	<u>59,692</u>	<u>61,952</u>	<u>-</u>	<u>10,427</u>
English Language Acquisition State Grants 2022-23	230580	84.365	47,644	-	-	38,390	36,776	-	1,614
English Language Acquisition State Grants 2021-22	220580	84.365	41,026	25,275	682	-	682	-	-
					<u>682</u>	<u>38,390</u>	<u>37,458</u>	<u>-</u>	<u>1,614</u>
Student Support and Academic Enrichment Program 2022-23	230750	84.424A	35,789	-	-	33,746	33,746	-	-
Student Support and Academic Enrichment Program 2021-22	220750	84.424A	51,842	40,239	-	2,250	2,250	-	-
					<u>-</u>	<u>35,996</u>	<u>35,996</u>	<u>-</u>	<u>-</u>
Education Stabilization Funds									
COVID-19 98c Learning Loss Grant 2022-23	213782	84.425D	269,366	-	-	247,238	231,807	-	15,431
COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER I)	203710	84.425D	325,957	325,957	35,415	-	35,415	-	-
COVID-19 ESSER II Discretionary - 23b(2c) Tutoring	213752	84.425D	25,000	24,370	24,370	-	24,370	-	-
COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER II)	213712	84.425D	1,329,468	710,339	710,339	619,129	1,226,760	-	102,708
COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER III)	213713	84.425U	2,987,920	338,319	72,075	998,413	970,785	-	99,703
COVID-19 ESSER III Discretionary - 11(t)	213723	84.425U	2,679,143	529,879	126,728	822,911	811,488	-	138,151
					<u>968,927</u>	<u>2,687,691</u>	<u>3,300,625</u>	<u>-</u>	<u>355,993</u>
Total Department of Education					<u>1,234,036</u>	<u>4,566,696</u>	<u>5,166,519</u>	<u>(56)</u>	<u>634,157</u>
U.S. Department of Health and Human Services									
Passed through Macomb County Community Services Agency									
Head Start Cluster									
Head Start	05CH8330	93.600	2,500	-	-	2,500	2,500	-	-
Total Federal Programs					<u>\$ 1,349,128</u>	<u>\$ 5,814,159</u>	<u>\$ 6,529,074</u>	<u>\$ (56)</u>	<u>\$ 634,157</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, 2023

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, 2023. 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 modified 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 following reconciled the federal revenue reported in the June 30, 2023 financial statements to the expenditures on Romeo Community Schools administered federal programs reported on the schedule of expenditures of federal awards:

Federal expenditures per the schedule of expenditures of federal awards	\$	5,814,159
Child Care Relief Fund Grants received as a beneficiary		759,547
Health Resource Advocate Grants received as a beneficiary		158,854
Adjustments for revenue not received (AL #84.010)		<u>(56)</u>
Federal revenue per the financial statements	\$	<u><u>6,732,504</u></u>

Note 4 - Subrecipients

No amounts were provided to subrecipients.

Romeo Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

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 except for the following difference caused by the timing of cash receipts:

Federal Grantor Program Title	Federal Assistance Listing Number	Grant Number	Reported on Grantor Auditor Report	Reported on Schedule of Expenditures of Federal Awards	Variance
COVID-19 Seamless Summer Option (SSO) Breakfast 2021-22	10.553	221971	\$ -	\$ 28,231	\$ (28,231)
National School Lunch Program - After School Snack 2021-22	10.555	221980	-	263	(263)
COVID-19 Seamless Summer Option (SSO) Lunch 2021-22	10.555	221961	-	73,520	(73,520)
COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER I)	84.425D	203710	-	35,415	(35,415)

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, 2023

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:

Assistance Listing Number(s)

Name of Federal Program or Cluster

10.553 & 10.555
84.425C, 84.425D & 84.425U

Child Nutrition Cluster
Education Stabilization Funds

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

Auditee qualified as low-risk auditee? _____ yes X no

Romeo Community Schools
Schedule of Findings and Questioned Costs
June 30, 2023

SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS

There were no findings or questioned costs for *Government Auditing Standards* for the year ended June 30, 2023.

SECTION III - FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2023.

Romeo Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2023

SECTION IV – PRIOR AUDIT FINDINGS

GOVERNMENT AUDITING STANDARDS FINDINGS

There were no findings or questioned costs for *Government Auditing Standards* for the year ended June 30, 2022.

FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2022.