

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

SINGLE AUDIT

JUNE 30, 2022



Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2022

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August 3, 2022

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

To the Board of Education
Evert Public Schools
Evert, 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 Evert Public Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Evert Public Schools' basic financial statements, and have issued our report thereon dated August 3, 2022.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Evert Public 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.

BAIRD, COTTER AND BISHOP, P.C.

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August 3, 2022

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

To the Board of Education
Evert Public Schools
Evert, Michigan

Report on Compliance for Each Major Federal Program

Opinion On Each Major Federal Program

We have audited Evert Public 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 Evert Public Schools' major federal programs for the year ended June 30, 2022. Evert Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Evert Public 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 June 30, 2022.

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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Evert Public 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 Evert Public 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 grant agreements applicable to Evert Public Schools' federal programs.

Auditor's 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 Evart Public 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 generally accepted auditing standards, *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 Evart Public Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Evart Public 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 Evart Public 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 Evart Public 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 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 Auditor's 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 in internal control over compliance. 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.

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 Evert Public Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Evert Public Schools basic financial statements. We issued our report thereon dated August 3, 2022, which contained unmodified opinions on those financial statements. Our audit was performed 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 the 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.

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.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTORS NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED UNEARNED REVENUE JULY 1, 2021	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED UNEARNED REVENUE JUNE 30, 2022	CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT
U.S. Department of Education										
Passed Through Michigan Department of Education (M.D.E.)										
Title I Part A - Imp Basic Program	84.010	211530-2021	\$ 381,661	\$ 60,280	\$ 377,628	\$ 0	\$ 597	\$ 60,877	\$ 0	\$ 0
Title I Part A - Imp Basic Program	84.010	221530-2122	354,141	0	0	0	328,221	315,411	12,810	0
Total Title I Part A			735,802	60,280	377,628	0	328,818	376,288	12,810	0
Title I Part D - Prevention/Intervention Program	84.013	211700-2021	27,754	332	8,966	0	0	332	0	0
Title IV Part A - Student Support and Academic Enrichment	84.424	210520-2021	24,033	2,803	24,033	0	0	2,803	0	0
Title IV Part A - Student Support and Academic Enrichment	84.424	220750-2122	27,515	0	0	0	27,515	27,515	0	0
Total Title IV Part A			51,548	2,803	24,033	0	27,515	30,318	0	0
Title II Part A Supporting Effective Instruction	84.367	210520-2021	60,935	12,440	56,213	0	0	12,440	0	0
Title II Part A Supporting Effective Instruction	84.367	220520-2122	57,149	0	0	0	54,405	48,842	5,563	0
Total Title II Part A			118,084	12,440	56,213	0	54,405	61,282	5,563	0
Education Stabilization Fund										
COVID-19 Elementary and Secondary School Emergency Relief Fund										
(ESSER II Formula Funds)	84.425D	213712-2021	1,189,935	116,919	116,919	0	779,920	878,136	18,703	0
COVID-19 Elementary and Secondary School Emergency Relief Fund										
(ESSER Benchmark Assessment Funding)	84.425D	213762-2122	7,438	0	0	0	6,877	6,877	0	0
COVID-19 Elementary and Secondary School Emergency Relief Fund										
(ARP/ESSER III Formula Funds)	84.425U	213713-2122	2,652,403	0	0	0	663,464	560,619	102,845	0
Total Education Stabilization Fund			3,849,776	116,919	116,919	0	1,450,261	1,445,632	121,548	0
Total Passed Through M.D.E.			4,782,964	192,774	583,759	0	1,860,999	1,913,852	139,921	0
Total U.S. Department of Education			4,782,964	192,774	583,759	0	1,860,999	1,913,852	139,921	0
U.S. Department of Health and Human Services										
Passed through Mecosta-Osceola Intermediate School District (I.S.D)										
Medicaid Cluster	93.778	N/A	4,408	0	0	0	4,408	4,408	0	0
Medical Assistance Program										
Total U.S. Department of Health and Human Services			4,408	0	0	0	4,408	4,408	0	0

The accompanying notes are an integral part of this schedule.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED UNEARNED REVENUE JULY 1, 2021	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED UNEARNED REVENUE JUNE 30, 2022	CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT
U.S Department of Agriculture										
Passed Through Michigan Department of Education (M.D.E.) Child Nutrition Cluster										
Non-Cash Assistance (Commodities): Entitlement Commodities	10.555	N/A	21,327	0	0	0	21,327	21,327	0	0
Cash Assistance:										
COVID-19 - Seamless Summer Option (SSO) - Breakfast	10.553	211971	22,093	0	0	0	22,093	22,093	0	0
COVID-19 - Seamless Summer Option (SSO) - Breakfast	10.553	221971	193,829	0	0	0	193,829	193,829	0	0
COVID-19 - Seamless Summer Option (SSO) - Lunch	10.555	211961	48,645	0	0	0	48,645	48,645	0	0
COVID-19 - Seamless Summer Option (SSO) - Lunch	10.555	221961	380,072	0	0	0	380,072	380,072	0	0
COVID-19 - Seamless Summer Option (SSO) - Lunch	10.555	220910-2022	20,065	0	0	0	20,065	20,065	0	0
Total Seamless Summer Option (SSO)			664,704	0	0	0	664,704	664,704	0	0
COVID-19 - Extended Summer Food Service Program	10.559	210904	669,630	92,559	665,938	0	3,692	96,251	0	0
Summer Food Service Program	10.559	220904	5,000	0	0	0	5,000	0	5,000	0
Total Summer Food Service Program			674,630	92,559	665,938	0	8,692	96,251	5,000	0
Total Cash Assistance			1,339,334	92,559	665,938	0	673,396	760,955	5,000	0
Total Child Nutrition Cluster			1,360,661	92,559	665,938	0	694,723	782,282	5,000	0
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	210980-2021	3,063	0	0	0	3,063	3,063	0	0
Total U.S. Department of Agriculture			1,363,724	92,559	665,938	0	697,786	785,345	5,000	0
Total Federal Financial Assistance			\$6,151,096	\$ 285,333	\$ 1,249,697	\$ 0	\$ 2,563,193	\$ 2,703,605	\$ 144,921	\$ 0
							(D)	(E)		

The accompanying notes are an integral part of this schedule.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(A) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) includes the federal grant activity of Evart Public Schools under programs of the federal government for the year ended June 30, 2022. 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* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Evart Public Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Evart Public Schools.

(B) Summary of Significant Accounting Policies

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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass through entity identifying numbers are presented where available. Evart Public Schools has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(C) Grant Auditor Report

Management has utilized the NexSys Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. The District does not pass through federal funds to sub recipients.

(D) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Governmental Funds – Statement of Revenues,	<u>\$ 2,563,193</u>
Expenditures and Changes in Fund Balance	
Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 2,563,193</u>

(E) Reconciliation of Grant Auditor Report with Schedule of Expenditures of Federal Awards

Current Cash Payments per Cash Management System (CMS)		\$ 2,474,635
Add Items Not on CMS Report:		
Food Distribution Program - Entitlement and Bonus Commodities	\$ 21,327	
Medicaid Administrative Outreach	4,408	
National School Breakfast Program December claim not on GAR	14,923	
National School Lunch Program December claim not on GAR	29,916	
Timing Differences with 20-21 Awards	158,395	
Rounding	<u>1</u>	<u>228,970</u>
Current Year Receipts (Cash Basis) per		
Schedule of Expenditures of Federal Awards		<u>\$ 2,703,605</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I - Financial Statement Findings

None

Section II - Federal Award Findings and Questioned Costs

2021-001 Material Noncompliance (Special Test & Provisions)

Federal Program: Child Nutrition Cluster

ALN Number(s): 10.555 & 10.559

Federal Agency: U.S. Department of Agriculture

Pass-through Entity: Michigan Department of Education

Pass-through Number: 200900 and 210904 (COVID-19)

Criteria: The USDA requires that the ending balance of the non-profit school food service fund does not exceed three months' average of operating expenses [7 CFR Part 210.14(b)].

Condition: As of June 30, 2021, the District's fund balance exceeded three months' average of operating expenses.

Cause: This condition appears to be the result of additional revenues received from the summer food service program.

Effect: As a result of this condition, the District did not fully comply with USDA fund balance requirements.

Questioned Costs: None

Perspective Information: The District's fund equity of \$367,222 at fiscal year-end exceeded the allowable three months of expenditures threshold by \$97,380.

Recommendations: We recommend the District closely monitor its budget for the year ended June 30, 2022 to ensure that fund balance is reduced to an appropriate level.

Views of Responsible Officials: The Food Service Director and Business Manager have a spend down plan in place and is working on renovating all of the kitchens with flooring and equipment. The District expects these updates to reduce the fund balance within the food service fund to an appropriate level for the year ending June 30, 2022.

Status: Corrected

EVART PUBLIC SCHOOLS
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

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 in accordance with Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of Major Programs:

ALN Number(s)	Name of Federal Program or Cluster
84.425D & 84.425U	Education Stabilization Fund

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

Auditee qualified as low-risk auditee under Title 2 CFR Section 200.520? X Yes _____ No

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

