

**MORLEY STANWOOD COMMUNITY SCHOOLS**

**MORLEY, MICHIGAN**

**SINGLE AUDIT**

**JUNE 30, 2023**



MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN

SINGLE AUDIT  
YEAR ENDED JUNE 30, 2023

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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

To the Board of Education  
Morley Stanwood Community Schools  
Morley, 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 Morley Stanwood Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Morley Stanwood Community Schools' basic financial statements, and have issued our report thereon dated September 6, 2023.

**Report on Internal Control over Financial Reporting**

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Morley Stanwood 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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, followed by 'LLP' in a smaller, simpler font.

Cadillac, Michigan  
September 6, 2023

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  
Morley Stanwood Community Schools  
Morley, Michigan

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

***Opinion On Each Major Federal Program***

We have audited Morley Stanwood 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 Morley Stanwood Community Schools' major federal programs for the year ended June 30, 2023. Morley Stanwood Community 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, Morley Stanwood 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 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; 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 Morley Stanwood 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 Morley Stanwood 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 grant agreements applicable to Morley Stanwood Community 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 Morley Stanwood 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 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 Morley Stanwood Community 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 Morley Stanwood 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 Morley Stanwood 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 Morley Stanwood 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 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 Morley Stanwood Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Morley Stanwood Community Schools basic financial statements. We issued our report thereon dated September 6, 2023, 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.

*UHY LLP*

Cadillac, Michigan  
September 6, 2023

MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2022	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2023	CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT
<b>U.S. Department of Education</b>										
Passed Through Calhoun Intermediate School District (I.S.D.)										
Title I - Technical Assistance Grant	84.010A	N/A	\$ 6,054	\$ 0	\$ 0	\$ 0	\$ 6,054	\$ 6,054	\$ 0	\$ 0
Passed Through Michigan Department of Education (M.D.E.)										
Title I, Part A - Grants to Local Educational Agencies	84.010	231530-2223	583,263	0	0	0	485,048	449,216	35,832	0
Title I, Part A - Grants to Local Educational Agencies	84.010	221530-2122	544,117	35,340	459,782	0	21,631	61,251	(4,280)	0
Total - Title I - Grants to Educational Agencies			<u>1,133,434</u>	<u>35,340</u>	<u>459,782</u>	<u>0</u>	<u>512,733</u>	<u>516,521</u>	<u>31,552</u>	<u>0</u>
Title V, Part B - Rural and Low-Income School Program	84.358	230660-2223	32,663	0	0	0	32,663	0	32,663	0
Title V, Part B - Rural and Low-Income School Program	84.358	220660-2122	26,359	0	0	0	23,380	23,380	0	0
Total - Title V, Part B - Rural and Low-Income School Program			<u>59,022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,043</u>	<u>23,380</u>	<u>32,663</u>	<u>0</u>
Title II, Part A - Supporting Effective Instruction State Grants	84.367	230520-2223	136,903	0	0	0	75,319	75,319	0	0
Title II, Part A - Supporting Effective Instruction State Grants	84.367	220520-2122	152,866	0	66,844	0	27,279	27,279	0	0
Total - Title II, Part A - Supporting Effective Instruction State Grants			<u>289,769</u>	<u>0</u>	<u>66,844</u>	<u>0</u>	<u>102,598</u>	<u>102,598</u>	<u>0</u>	<u>0</u>
Title IV, Part A - Student Support and Academic Enrichment	84.424	230750-2223	47,152	0	0	0	33,379	33,379	0	0
Title IV, Part A - Student Support and Academic Enrichment	84.424	220750-2122	42,057	0	31,959	0	1,085	1,085	0	0
Total - Title IV, Part A - Student Support and Academic Enrichment			<u>89,209</u>	<u>0</u>	<u>31,959</u>	<u>0</u>	<u>34,464</u>	<u>34,464</u>	<u>0</u>	<u>0</u>
Education Stabilization Funds										
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213782-2223	55,802	0	0	0	16,979	16,979	0	0
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	1,768,064	128,882	1,655,825	0	75,637	204,519	0	0
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	3,973,646	47,943	47,943	0	3,692,716	3,479,563	261,096	0
Total Education Stabilization Funds			<u>5,797,512</u>	<u>176,825</u>	<u>1,703,768</u>	<u>0</u>	<u>3,785,332</u>	<u>3,701,061</u>	<u>261,096</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<u>7,368,946</u>	<u>212,165</u>	<u>2,262,353</u>	<u>0</u>	<u>4,491,170</u>	<u>4,378,024</u>	<u>325,311</u>	<u>0</u>
<b>U.S. Department of Health and Human Services</b>										
Passed Through Mecosta-Osceola Intermediate School District (I.S.D.)										
Medicaid Cluster:										
Medicaid Administrative Outreach	93.778	N/A	5,658	0	0	0	5,658	5,658	0	0

The accompanying notes are an integral part of this schedule

MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2022	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2023	CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT
<b>U.S Department of Agriculture</b>										
Passed Through Michigan Department of Education										
Child Nutrition Cluster:										
Cash Assistance:										
School Breakfast Program	10.553	221970	34,514	0	0	0	34,514	34,514	0	0
School Breakfast Program	10.553	231970	238,263	0	0	0	238,263	238,263	0	0
National School Lunch Program	10.555	221960	72,782	0	0	0	72,782	72,782	0	0
National School Lunch Program	10.555	221980	2,535	0	0	0	2,535	2,535	0	0
National School Lunch Program	10.555	231960	467,344	0	0	0	467,344	467,344	0	0
National School Lunch Program	10.555	231980	10,878	0	0	0	10,878	10,878	0	0
National School Lunch Program - Supply Chain Assistance	10.555	220910-2023	23,490	0	0	0	23,490	23,490	0	0
National School Lunch Program - Supply Chain Assistance	10.555	230910-2023	14,074	0	0	0	14,074	14,074	0	0
SFSP Operating	10.559	220900	6,137	0	0	0	6,137	6,137	0	0
SFSP Operating	10.559	230904	15,580	0	0	0	15,580	0	15,580	0
SFSP Operating	10.559	220904	3,279	3,279	3,279	0	0	3,279	0	0
Total Cash Assistance			888,876	3,279	3,279	0	885,597	873,296	15,580	0
Non-Cash Assistance (Commodities):										
Entitlement Commodities	10.555	N/A	56,370	0	0	0	56,370	56,370	0	0
Bonus Commodities	10.555	N/A	14,791	0	0	0	14,791	14,791	0	0
Total Non-Cash Assistance			71,161	0	0	0	71,161	71,161	0	0
Total Child Nutrition Cluster			960,037	3,279	3,279	0	956,758	944,457	15,580	0
School Breakfast Expansion Program	10.579	221995	9,999	0	0	0	9,999	9,999	0	0
Pandemic EBT Local Level Costs	10.649	220980-2022	3,135	0	0	0	3,135	3,135	0	0
Passed Through Mecosta County										
Schools and Roads - Grants to States	10.665	N/A	3,959	0	0	0	3,959	3,959	0	0
<b>Total U.S. Department of Agriculture</b>			977,130	3,279	3,279	0	973,851	961,550	15,580	0
<b>Total Federal Financial Assistance</b>			\$ 8,351,734	\$ 215,444	\$ 2,265,632	\$ 0	\$ 5,470,679	\$ 5,345,232	\$ 340,891	\$ 0
							(C)	(D)		

The accompanying notes are an integral part of this schedule

MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**(A) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) includes the federal grant activity of Morley Stanwood 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* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Morley Stanwood Community Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Morley Stanwood Community 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. Morley Stanwood Community Schools has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Morley Stanwood Community Schools does not pass through federal awards to other governments or organizations. The District does not pass through federal funds to sub recipients.

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

Revenues from Federal Sources - Per Basic Financial Statements (Page 18)	\$ 5,470,679
Federal Expenditures per Schedule of Expenditures of Federal Awards	\$ 5,470,679

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

Management has utilized the NexSys Grant Auditor Report in preparing the schedule of expenditures of federal awards.

Current Cash Payments per Cash Management System (CMS)	\$ 5,258,400
Adjustments:	
Food Distribution Program - Entitlement Commodities	\$ 71,161
Medicaid Administrative Outreach	5,658
Schools and Roads	3,959
Title I, Passed through Calhoun Intermediate School District	6,054
	86,832
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards	\$ 5,345,232

MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Section II - Financial Statement Findings**

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None

**Section III - Federal Award Findings and Questioned Costs**

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None

MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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**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:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D, & 84.425U	Education Stabilization Funds
10.553, 10.555, & 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee under 2 CFR Section 200.520?

    X     Yes      \_\_\_\_\_ No

MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Section II - Financial Statement Findings**

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None

**Section III - Federal Award Findings and Questioned Costs**

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None





