

**MORLEY STANWOOD COMMUNITY SCHOOLS**

**MORLEY, MICHIGAN**

**SINGLE AUDIT**

**JUNE 30, 2022**



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

CERTIFIED PUBLIC ACCOUNTANTS  
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MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN

SINGLE AUDIT  
YEAR ENDED JUNE 30, 2022

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August 16, 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  
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, 2022, 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 August 16, 2022.

**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.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*



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August 16, 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  
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 Morley Stanwood Community Schools' major federal program for the year ended June 30, 2022. Morley Stanwood Community Schools' major federal program is 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 program 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 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, 2022, and the related notes to the financial statements, which collectively comprise Morley Stanwood Community Schools' basic financial statements. We issued our report thereon dated August 16, 2022, 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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.*

MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, 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 AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE		(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) 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 - Grants to Local Educational Agencies														
Title I, Part A - Grants to Local Educational Agencies														
Total - Title I - Grants to Educational Agencies														
Title V, Part B - Rural and Low-Income School Program														
Title II, Part A - Supporting Effective Instruction State Grants														
Title II, Part A - Supporting Effective Instruction State Grants														
Total - Title II, Part A - Supporting Effective Instruction State Grants														
Title IV, Part A - Student Support and Academic Enrichment														
Title IV, Part A - Student Support and Academic Enrichment														
Total - Title IV, Part A - Student Support and Academic Enrichment														
Education Stabilization Funds														
COVID-19 Governor's Emergency Education Relief Fund (GEER)														
COVID-19 Governor's Emergency Education Relief Fund (GEER)														
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I Formula Funds)														
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)														
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER Credit Recovery Formula Funds)														
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER Summer School Formula Funds)														
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds)														
Total Education Stabilization Funds														
Total U.S. Department of Education														
U.S. Department of Health and Human Services														
Passed Through Mecosta-Oscola Intermediate School District (I.S.D.)														
Medicaid Cluster:														
Medicaid Administrative Outreach														

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, 2022

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED)		(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	(A)		CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED)		CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT	
				JULY 1, 2021 REVENUE	JULY 1, 2021 REVENUE			CURRENT YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES		JUNE 30, 2022 REVENUE	JUNE 30, 2022 REVENUE		
U.S Department of Agriculture														
Passed Through Michigan Department of Education														
Child Nutrition Cluster:														
Cash Assistance:														
COVID-19 Seamless Summer Option (SSO) - Breakfast	10.553	211971	33,113	0	0	0	0	33,113	33,113	0	0	0	0	
COVID-19 Seamless Summer Option (SSO) - Breakfast	10.553	221971	235,090	0	0	0	0	235,090	234,608	482	0	0	0	
COVID-19 Seamless Summer Option (SSO) - Lunch	10.555	221961	471,287	0	0	0	0	471,287	468,490	2,797	0	0	0	
COVID-19 Seamless Summer Option (SSO) - Lunch	10.555	211961	70,811	0	0	0	0	70,811	70,811	0	0	0	0	
COVID-19 Seamless Summer Option (SSO) - Lunch	10.555	211980	1,666	0	0	0	0	1,666	1,666	0	0	0	0	
COVID-19 Seamless Summer Option (SSO) - Lunch	10.555	221980	16,098	0	0	0	0	16,098	16,098	0	0	0	0	
COVID-19 Seamless Summer Option (SSO) - Lunch	10.555	220910-2022	23,143	0	0	0	0	23,143	23,143	0	0	0	0	
COVID-19 SFSP Operating	10.559	200900	115,665	0	111,289	0	0	4,376	4,376	0	0	0	0	
COVID-19 SFSP Operating	10.559	210904	642,996	18,667	615,211	0	0	27,785	46,452	0	0	0	0	
Total Cash Assistance			1,609,869	18,667	726,500	0	0	883,369	898,757	3,279	0	0	0	
Non-Cash Assistance (Commodities):														
Entitlement Commodities	10.555	N/A	49,106	0	0	0	0	49,106	49,106	0	0	0	0	
Total Child Nutrition Cluster			1,658,975	18,667	726,500	0	0	932,475	947,863	3,279	0	0	0	
Pandemic EBT Local Level Costs	10.649	210980-2021	3,063	0	0	0	0	3,063	3,063	0	0	0	0	
Passed Through Mecosta County Schools and Roads - Grants to States	10.665	N/A	3,854	0	0	0	0	3,854	3,854	0	0	0	0	
Total U.S. Department of Agriculture														
			1,665,892	18,667	726,500	0	0	939,392	954,780	3,279	0	0	0	
Total Federal Financial Assistance														
			\$ 9,486,194	\$ 469,114	\$ 1,938,976	\$ 0	\$ 0	\$ 3,254,335	\$ 3,508,005	\$ 215,444	\$ 0	\$ 0	\$ 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, 2022

**(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, 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 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 5)	<u>\$ 3,254,335</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 3,254,335</u></u>

**(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)		\$3,448,492
Adjustments:		
Food Distribution Program - Entitlement Commodities	\$ 49,106	
Medicaid Administrative Outreach	6,555	
Schools and Roads	3,854	
Rounding	<u>(2)</u>	<u>59,513</u>
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards		<u><u>\$3,508,005</u></u>

MORLEY STANWOOD COMMUNITY SCHOOLS  
MORLEY, MICHIGAN

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

**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, 2022

**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>
84.425C, 84.425D, & 84.425U	Education Stabilization Funds

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, 2022

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**Section II - Financial Statement Findings**

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None

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

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None





