

**Romeo Community Schools**

**Single Audit Report**

**June 30, 2022**



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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, 2022, 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 19, 2022.

#### **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 may exist that have not been 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 19, 2022



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**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, 2022. 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, 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 (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 may exist that have not been 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, 2022, and the related notes to the financial statements, which collectively comprise Romeo Community Schools' basic financial statements. We issued our report thereon dated September 19, 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 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 19, 2022

**Romeo Community Schools**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

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, 2021	Current Year Expenditures	Current Year Receipts (Payments)	Adjustments	Accrued Revenue June 30, 2022
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Food Distribution									
Non-cash assistance (commodities)	50190	10.555	\$ 133,410	\$ -	\$ -	\$ 133,410	\$ 133,410	\$ -	\$ -
Bonus	50190	10.555	4,796	-	-	4,796	4,796	-	-
						<u>-</u>	<u>138,206</u>	<u>-</u>	<u>-</u>
Cash assistance									
COVID-19 Seamless Summer Option (SSO) Breakfast 2021-22	221971	10.553	547,779	-	-	547,779	519,548	-	28,231
COVID-19 Seamless Summer Option (SSO) Lunch 2021-22	221961	10.555	2,090,271	-	-	2,090,271	2,016,751	-	73,520
National School Lunch Program - After School Snack 2021-22	221980	10.555	8,661	-	-	8,661	8,398	-	263
Supply Chain Assistance	220910	10.555	92,757	-	-	92,757	92,757	-	-
						<u>-</u>	<u>2,191,689</u>	<u>-</u>	<u>73,783</u>
COVID-19 SFSP Operating 2020-21	210904	10.559	1,356,158	1,321,051	94,589	35,107	129,696	-	-
Total Nutrition Cluster					94,589	2,912,781	2,905,356	-	102,014
COVID-19 Pandemic EBT Local Level Costs	210980	10.649	3,063	-	-	3,063	3,063	-	-
Total Department of Agriculture					<u>94,589</u>	<u>2,915,844</u>	<u>2,908,419</u>	<u>-</u>	<u>102,014</u>
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	92,770	-	13,078
U.S. Department of Education									
Passed through Macomb County Intermediate School District									
Special Education Cluster									
Special Education Grants to States 2021-22	220450	84.027	1,025,080	-	-	1,025,080	856,717	-	168,363
Special Education Grants to States 2020-21	210450	84.027	950,869	950,948	487,474	-	487,474	-	-
Special Education Grants to States 2019-20	200450	84.027	965,004	965,004	15,339	-	15,339	-	-
ARP - Special Education Grants to States 2021-22	220450	84.027X	221,168	-	-	74,268	71,451	-	2,817
						<u>502,813</u>	<u>1,099,348</u>	<u>-</u>	<u>171,180</u>
Special Education Preschool Grants 2021-22	220460	84.173	42,962	-	-	42,962	34,843	-	8,119
Special Education Preschool Grants 2020-21	210460	84.173	31,571	31,571	16,668	-	16,668	-	-
ARP - Special Education Preschool Grants 2021-22	220460	84.173X	21,166	-	-	21,166	17,457	-	3,709
						<u>16,668</u>	<u>64,128</u>	<u>-</u>	<u>11,828</u>
Total Special Education Cluster					<u>519,481</u>	<u>1,163,476</u>	<u>1,499,949</u>	<u>-</u>	<u>183,008</u>

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, 2022**

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, 2021	Current Year Expenditures	Current Year Receipts (Payments)	Adjustments	Accrued Revenue June 30, 2022
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies 2021-22	221530	84.010	\$ 363,131	\$ -	\$ -	\$ 363,131	\$ 313,817	\$ 55	\$ 49,369
Title I Grants to Local Educational Agencies 2020-21	211530	84.010	429,749	423,013	84,440	-	84,385	(55)	-
					<u>84,440</u>	<u>363,131</u>	<u>398,202</u>	<u>-</u>	<u>49,369</u>
Supporting Effective Instruction State Grants 2021-22	220520	84.367	196,808	-	-	142,616	129,929	-	12,687
Supporting Effective Instruction State Grants 2020-21	210520	84.367	154,790	50,123	21,793	3,397	25,190	-	-
					<u>21,793</u>	<u>146,013</u>	<u>155,119</u>	<u>-</u>	<u>12,687</u>
English Language Acquisition State Grants 2021-22	220580	84.365	41,026	-	-	25,275	24,593	-	682
English Language Acquisition State Grants 2020-21	210580	84.365	40,564	30,387	5,720	337	6,057	-	-
					<u>5,720</u>	<u>25,612</u>	<u>30,650</u>	<u>-</u>	<u>682</u>
Student Support and Academic Enrichment Program 2021-22	220750	84.424	51,842	-	-	40,239	40,239	-	-
Student Support and Academic Enrichment Program 2020-21	210750	84.424	47,271	18,815	2,515	5,372	7,887	-	-
					<u>2,515</u>	<u>45,611</u>	<u>48,126</u>	<u>-</u>	<u>-</u>
Education Stabilization Funds									
COVID-19 Governor's Emergency Educational Relief Funds (GEER II)	211202	84.425C	25,750	-	-	25,750	25,750	-	-
COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER I)	203710	84.425D	325,975	290,542	290,542	35,415	290,542	-	35,415
COVID-19 ESSER II Discretionary - 23b(2a) Summer School	213722	84.425D	116,600	-	-	116,600	116,600	-	-
COVID-19 ESSER II Discretionary - 23b(2b) Credit Recovery	213742	84.425D	33,000	-	-	33,000	33,000	-	-
COVID-19 ESSER II Discretionary - 23b(2c) Tutoring	213752	84.425D	25,000	-	-	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
COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER III)	213713	84.425U	388,816	-	-	338,319	266,244	-	72,075
COVID-19 ESSER III Discretionary - 11(t)	213723	84.425U	2,679,143	-	-	529,879	403,151	-	126,728
					<u>290,542</u>	<u>1,813,672</u>	<u>1,135,287</u>	<u>-</u>	<u>968,927</u>
Passed through Macomb County Intermediate School District									
Career and Technical Education - Basic Grants to States 2021-22	223520	84.048	51,551	-	-	51,551	32,188	-	19,363
Career and Technical Education - Basic Grants to States 2020-21	213520	84.048	60,153	60,153	32,138	-	32,138	-	-
					<u>32,138</u>	<u>51,551</u>	<u>64,326</u>	<u>-</u>	<u>19,363</u>
Total Department of Education					<u>956,629</u>	<u>3,609,066</u>	<u>3,331,659</u>	<u>-</u>	<u>1,234,036</u>
U.S. Department of Health and Human Services									
Passed through Macomb County Community Services Agency									
Head Start 2021-22	05CH8330	93.600	5,000	-	-	1,745	1,745	-	-
Total Federal Programs					<u>\$ 1,051,218</u>	<u>\$ 6,632,503</u>	<u>\$ 6,334,593</u>	<u>\$ -</u>	<u>\$ 1,349,128</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, 2022**

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**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, 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* (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, 2022 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	\$ 6,632,503
Child Care Relief Fund Grants received as a beneficiary	<u>813,688</u>
Federal revenue per the financial statements	<u><u>\$ 7,446,191</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, 2022**

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**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	\$ 547,779	\$ 519,548	\$ 28,231
National School Lunch Program - After School Snack 2021-22	10.555	221980	8,661	8,398	263
COVID-19 Seamless Summer Option (SSO) Lunch 2021-22	10.555	221961	2,090,271	2,016,751	73,520
COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER I)	84.425D	203710	325,957	290,542	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, 2022**

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**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*

84.027, 84.027X, 84.173 & 84.173X  
84.425C, 84.425D & 84.425U

Special Education 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, 2022**

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**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

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

**SECTION III - FEDERAL AWARD FINDINGS**

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

**Romeo Community Schools**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2022**

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**SECTION IV – PRIOR AUDIT FINDINGS**

**GOVERNMENT AUDITING STANDARDS FINDINGS**

**2021-001 – Material Weakness – Audit Adjustment**

Specific Requirement:	Michigan Department of Education states that financial statements and records should be free of errors that could change the user's overall assessment of the entity's finances
Condition:	A Sinking Fund invoice was not properly recorded in accounts payable as of June 30, 2021.
Cause/Effect:	An audit adjustment was required to record additional expenditures and accounts payable in the Sinking Fund in the amount of \$244,338. This entry had a material effect on the financial statements.
Recommendation:	We recommend management ensures that all invoices close to year end are properly reviewed and recorded in the fiscal year in which the expenditures were incurred or services received.
Status:	The recommendation has been implemented.

**FEDERAL AWARD FINDINGS**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2021.