
Madison District Public Schools

Federal Awards Supplemental Information
June 30, 2020

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Madison District Public Schools

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Madison District Public Schools (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated November 24, 2020, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 24, 2020.

The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis, as required by the Uniform Guidance, and are 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

November 24, 2020

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 Auditor's Report

To Management and the Board of Education
Madison District Public Schools

We have audited, in accordance with 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, the major fund, and the aggregate remaining fund information of Madison District Public Schools (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 School District'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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's 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*.

The School District's Response to the Finding

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

To Management and the Board of Education
Madison District Public Schools

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 School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

November 24, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Madison District Public Schools

Report on Compliance for Each Major Federal Program

We have audited Madison District Public Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2020. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

To the Board of Education
Madison District Public Schools

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Plante & Moran, PLLC

November 24, 2020

| Federal Agency/Pass-through Agency/Program Title | Pass-through Entity Identifying Number | CFDA Number | Award Amount | (Memo Only) Prior Year Expenditures | Accrued Revenue at July 1, 2019 | Adjustments and Transfers | Federal Funds/ Payments In-kind Received | Federal Expenditures | Accrued Revenue at June 30, 2020 | Current Year Cash Transferred to Subrecipients |
|---|--|-------------|--------------|-------------------------------------|---------------------------------|---------------------------|--|----------------------|----------------------------------|--|
| Clusters: | | | | | | | | | | |
| Child Nutrition Cluster - U.S. Department of Agriculture - | | | | | | | | | | |
| Passed through Michigan Department of Education: | | | | | | | | | | |
| Noncash assistance (commodities) - | | | | | | | | | | |
| National School Lunch Program Commodities 2019-2020 | N/A | 10.555 | \$ 66,269 | \$ - | \$ - | \$ - | \$ 66,269 | \$ 66,269 | \$ - | \$ - |
| Cash assistance: | | | | | | | | | | |
| National School Lunch Program 2018-2019 | 191960/191980 | 10.555 | 602,396 | 602,396 | 47,865 | - | 47,865 | - | - | - |
| National School Lunch Program 2019-2020 | 201960/201980 | 10.555 | 353,471 | - | - | - | 353,471 | 353,471 | - | - |
| COVID-19 - Unanticipated School Closure (USC) | 200902 | 10.555 | 283,536 | - | - | - | 283,536 | 371,806 | 88,270 | - |
| Total National School Lunch Program (including commodities and USC) | | | 1,305,672 | 602,396 | 47,865 | - | 751,141 | 791,546 | 88,270 | - |
| National School Breakfast Program 2018-2019 | 191970 | 10.553 | 383,593 | 383,593 | 30,756 | - | 30,756 | - | - | - |
| National School Breakfast Program 2019-2020 | 201970 | 10.553 | 234,586 | - | - | - | 234,586 | 234,586 | - | - |
| Total National School Breakfast Program | | | 618,179 | 383,593 | 30,756 | - | 265,342 | 234,586 | - | - |
| Summer Food Service Program for Children | 190900/191900 | 10.559 | 14,953 | - | - | - | 14,953 | 14,953 | - | - |
| Total Child Nutrition Cluster | | | 1,938,804 | 985,989 | 78,621 | - | 1,031,436 | 1,041,085 | 88,270 | - |
| Special Education Cluster - U.S. Department of Education - | | | | | | | | | | |
| Passed through Oakland Schools - IDEA: | | | | | | | | | | |
| IDEA Flowthrough: | | | | | | | | | | |
| Project number 190450-1819 | 190450-1819 | 84.027 | 311,826 | 247,562 | 247,562 | - | - | - | 247,562 | - |
| Project number 200450-1920 | 200450-1920 | 84.027 | 304,381 | - | - | - | - | 297,744 | 297,744 | - |
| Total IDEA Flowthrough | | | 616,207 | 247,562 | 247,562 | - | - | 297,744 | 545,306 | - |
| IDEA Preschool: | | | | | | | | | | |
| Project Number 190460-1819 | 190460-1819 | 84.173 | 13,227 | 12,693 | 12,693 | - | - | 534 | 13,227 | - |
| Project Number 200460-1920 | 200460-1920 | 84.173 | 12,430 | - | - | - | - | 12,430 | 12,430 | - |
| Total IDEA Preschool | | | 25,657 | 12,693 | 12,693 | - | - | 12,964 | 25,657 | - |
| Total Special Education Cluster | | | 641,864 | 260,255 | 260,255 | - | - | 310,708 | 570,963 | - |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2020

| Federal Agency/Pass-through Agency/Program Title | Pass-through Entity Identifying Number | CFDA Number | Award Amount | (Memo Only) Prior Year Expenditures | Accrued Revenue at July 1, 2019 | Adjustments and Transfers | Federal Funds/ Payments In-kind Received | Federal Expenditures | Accrued Revenue at June 30, 2020 | Current Year Cash Transferred to Subrecipients |
|---|--|-------------|--------------|-------------------------------------|---------------------------------|---------------------------|--|----------------------|----------------------------------|--|
| Other federal awards: | | | | | | | | | | |
| U.S. Department of Agriculture - | | | | | | | | | | |
| Passed through Michigan Department of Health and Human Services: | | | | | | | | | | |
| Child and Adult Care Food Program | 191920 | 10.558 | \$ 56,752 | \$ 54,093 | \$ 1,123 | \$ - | \$ 3,782 | \$ 2,659 | \$ - | \$ - |
| Child and Adult Care Food Program | 192010 | 10.558 | 3,796 | 3,509 | - | - | 287 | 287 | - | - |
| Child and Adult Care Food Program | 201920 | 10.558 | 6,701 | - | - | - | 6,701 | 6,701 | - | - |
| Child and Adult Care Food Program | 202010 | 10.588 | 365 | - | - | - | 365 | 365 | - | - |
| Total Child and Adult Care Food Program | | | 67,614 | 57,602 | 1,123 | - | 11,135 | 10,012 | - | - |
| U.S. Department of Education - Passed through Michigan Department of Education: | | | | | | | | | | |
| Title I Grants to Local Educational Agencies: | | | | | | | | | | |
| 2018-2019 | 191530-1819 | 84.010 | 402,351 | 380,637 | 197,042 | - | 203,757 | 6,715 | - | - |
| 2019-2020 | 201530-1920 | 84.010 | 408,903 | - | - | - | 287,240 | 287,240 | - | - |
| Total Title I Grants to Local Educational Agencies | | | 811,254 | 380,637 | 197,042 | - | 490,997 | 293,955 | - | - |
| Title IIA Improving Teacher Quality State Grants: | | | | | | | | | | |
| 2018-2019 | 190520-1819 | 84.367 | 113,075 | 78,047 | 45,785 | - | 48,867 | 3,082 | - | - |
| 2019-2020 | 200520-1920 | 84.367 | 91,233 | - | - | - | 10,276 | 13,097 | 2,821 | - |
| Total Title IIA Improving Teacher Quality State Grants | | | 204,308 | 78,047 | 45,785 | - | 59,143 | 16,179 | 2,821 | - |
| Title III English Language Acquisition State Grants: | | | | | | | | | | |
| 2018-2019 | 190580-1819 | 84.365 | 12,354 | 12,354 | 12,354 | (1,228) | 11,126 | - | - | - |
| 2019-2020 | 200580-1920 | 84.365 | 14,745 | - | - | - | 8,726 | 10,842 | 2,116 | - |
| Total Title III English Language Acquisition State Grants | | | 27,099 | 12,354 | 12,354 | (1,228) | 19,852 | 10,842 | 2,116 | - |
| Title IV, Part A - Student Support and Academic Enrichment Program | | | | | | | | | | |
| 2018-2019 | 190750-1819 | 84.424 | 23,520 | 23,519 | 11,943 | - | 11,943 | - | - | - |
| 2019-2020 | 200750-1920 | 84.424 | 31,493 | - | - | - | 26,619 | 26,619 | - | - |
| Total Title IV, Part A - Student Support and Academic Enrichment Program | | | 55,013 | 23,519 | 11,943 | - | 38,562 | 26,619 | - | - |
| Total U.S. Department of Education federal programs | | | 1,097,674 | 494,557 | 267,124 | (1,228) | 608,554 | 347,595 | 4,937 | - |
| Total federal awards | | | \$ 3,745,956 | \$ 1,798,403 | \$ 607,123 | \$ (1,228) | \$ 1,651,125 | \$ 1,709,400 | \$ 664,170 | \$ - |

Madison District Public Schools

**Reconciliation of Basic Financial Statements Federal Revenue
with Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2020

| | |
|--|----------------------------|
| Revenue from federal sources - As reported on financial statements (includes all funds) | \$ 1,933,993 |
| Deferred revenue not reported for year ended June 30, 2019 | (528,502) |
| Deferred revenue not reported for year ended June 30, 2020 | 302,681 |
| Expenditures incurred during the year ended June 30, 2019 that the School District did not submit for reimbursement during the grant period. | <u>1,228</u> |
| Federal expenditures per the schedule of expenditures of federal awards | <u><u>\$ 1,709,400</u></u> |

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Madison District Public Schools (the "School District") under programs of the federal government for the year ended June 30, 2020. The information in the 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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The School District has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Note 5 - Adjustments and Transfers

During the year ended June 30, 2020, there was an adjustment of \$1,228 related to Title III (CFDA # 84.365) expenditures incurred during the year ended June 30, 2019 that the School District did not submit for reimbursement during the grant period.

Schedule of Findings and Questioned Costs

Madison District Public Schools

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster | Opinion |
|------------------------|------------------------------------|------------|
| 10.553, 10.555, 10.559 | Child Nutrition Cluster | Unmodified |

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

Auditee qualified as low-risk auditee? Yes X No

Madison District Public Schools

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section II - Financial Statement Audit Findings

| Reference Number | Finding |
|------------------|---|
| 2020-001 | <p>Finding Type - Material weakness</p> <p>Criteria - The School District's internal control structure should ensure that financial information is complete, accurate, and made available to management and those charged with governance in a timely and orderly manner.</p> <p>Condition - During the audit, the finance department did not have timely or accurate reconciliations of current year state aid revenue, unavailable federal revenue, in-kind revenue, and fund balance.</p> <p>Context - Through the course of the audit, various reconciliations were necessary to finalize the accounting for state aid revenue, unavailable federal revenue, in-kind revenue, and beginning of year fund balances. The finance department completed these reconciliations during the audit process.</p> <p>Cause - Due to staff turnover and the COVID-19 pandemic, timely controls were not in place to reconcile state aid revenue, the SEFA (unearned federal revenue and in-kind revenue), and beginning of year fund balances.</p> <p>Effect - Year-end accounts were misstated until the reconciliations were completed, which resulted in audit adjustments.</p> <p>Recommendation - The finance department should reconcile year-end accounts on a timely basis, including state aid revenue, the SEFA, and fund balance.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Responsible officials agree with the finding and have put a more timely year-end reconciliation policy into place.</p> |

Section III - Federal Program Audit Findings

| Reference Number | Finding | Questioned Costs |
|---------------------|---------|------------------|
| Current Year | None | |
| Reference Number | Finding | Questioned Costs |
| Prior Year | None | |