

Whitehall District Schools
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
June 30, 2022



C O N T E N T S

FINANCIAL REPORT AND INDEPENDENT AUDITOR’S REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

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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***

Board of Education
Whitehall District Schools
Whitehall, 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 Whitehall District Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Whitehall District Schools' basic financial statements, and have issued our report thereon dated October 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Whitehall District 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 Whitehall District Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Whitehall District 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as **Findings 2022-001, 2022-002, and 2022-003** that we consider to be significant deficiencies.

Board of Education
Whitehall District Schools
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Whitehall District 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*.

Whitehall District Schools Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Whitehall District Schools response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Whitehall District Schools response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Muskegon, Michigan
October 27, 2022

INDEPENDENT AUDITOR'S 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

Board of Education
Whitehall District Schools
Whitehall, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Whitehall District 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 Whitehall District Schools' major federal programs for the year ended June 30, 2022. Whitehall District 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, Whitehall District 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 (*Government Auditing Standards*); 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 to our report.

We are required to be independent of Whitehall District 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 Whitehall District 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, implantation, 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 Whitehall District Schools' federal programs.

Report on Compliance for Each Major Federal Program—Continued

Auditor's Responsibility 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 Whitehall District 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 Whitehall District 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 Whitehall District 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 Whitehall District 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 Whitehall District 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs, as **Finding 2022-004**. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Whitehall District Schools response to noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Whitehall District Schools response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Education
Whitehall District Schools
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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 Compliance section above 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.

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 Whitehall District Schools as of and for the year ended June 30, 2022 and have issued our report thereon dated October 27, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



Muskegon, Michigan
October 27, 2022

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2021	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2022	Passed through to subrecipients
						Prior year(s)	Current year		
U.S. Department of Education									
Passed through Michigan Department of Education:									
Adult Education—Basic Grants to States	84.002A								
211130-211731		\$ 72,000	\$ 19,750	\$ -	\$ 19,750	\$ 72,000	\$ -	\$ -	\$ -
221130-221731		73,112	-	-	62,811	-	73,112	10,301	-
221190-221731		12,491	-	-	-	-	12,491	12,491	-
		157,603	19,750	-	82,561	72,000	85,603	22,792	-
Title I Grants to Local Educational Agencies	84.010A								
211530-2021		352,283	117,751	-	117,751	352,283	-	-	-
221530-2122		273,243	-	-	176,244	-	273,243	96,999	-
		625,526	117,751	-	293,995	352,283	273,243	96,999	-
Supporting Effective Instruction State Grants	84.367A								
210520-2021		61,213	1,713	-	1,713	9,245	-	-	-
220520-2122		104,818	-	-	104,818	-	104,818	-	-
		166,031	1,713	-	106,531	9,245	104,818	-	-
Student Support and Academic Enrichment Program	84.424A								
210750-2021		23,053	1,336	-	1,336	7,160	-	-	-
220750-2122		38,747	-	-	38,747	-	38,747	-	-
		61,800	1,336	-	40,083	7,160	38,747	-	-
Education Stabilization Fund									
Elementary and Secondary School Education Relief Fund	84.425D								
COVID-19 203710-1920		259,045	5,616	-	5,616	259,045	-	-	-
COVID-19 203720-1920		51,809	-	-	51,809	-	51,809	-	-
COVID-19 213712-20-21		995,263	-	-	763,398	-	995,263	231,865	-
		1,306,117	5,616	-	820,823	259,045	1,047,072	231,865	-
Total passed through Michigan Department of Education		2,317,077	146,166	-	1,343,993	699,733	1,549,483	351,656	-

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2022

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2021	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2022	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education—Continued</i>									
Passed through Muskegon Area Intermediate School District:									
Special Education Cluster									
Special Education—Grants to States	84.027A								
210450-2021		\$ 388,846	\$ 23,623	\$ -	\$ 23,623	\$ 388,846	\$ -	\$ -	\$ -
220450-2022		425,582	-	-	344,861	-	425,582	80,721	-
		<u>814,428</u>	<u>23,623</u>	<u>-</u>	<u>368,484</u>	<u>388,846</u>	<u>425,582</u>	<u>80,721</u>	<u>-</u>
Special Education—Preschool Grants	84.173A								
220460-2022		15,623	-	-	15,623	-	15,623	-	-
Total Special Education Cluster		<u>830,051</u>	<u>23,623</u>	<u>-</u>	<u>384,107</u>	<u>388,846</u>	<u>441,205</u>	<u>80,721</u>	<u>-</u>
English Language Acquisition State Grants	84.365A								
210580 2122		960	746	-	1,643	960	946	49	-
Total passed through Muskegon Area Intermediate School District		<u>831,011</u>	<u>24,369</u>	<u>-</u>	<u>385,750</u>	<u>389,806</u>	<u>442,151</u>	<u>80,770</u>	<u>-</u>
Total U.S. Department of Education		<u>3,148,088</u>	<u>170,535</u>	<u>-</u>	<u>1,729,743</u>	<u>1,089,539</u>	<u>1,991,634</u>	<u>432,426</u>	<u>-</u>

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2022

<u>Federal grantor/pass-through grantor/ program or cluster title/identifying number</u>	<u>Assistance Listing Number</u>	<u>Entitlement program or award amount</u>	<u>Accrued (unearned) revenue July 1, 2021</u>	<u>Adjustments and transfers</u>	<u>Cash or payments in kind received (cash basis)</u>	<u>Expenditures (accrual basis)</u>		<u>Accrued (unearned) revenue June 30, 2022</u>	<u>Passed through to subrecipients</u>
						<u>Prior year(s)</u>	<u>Current year</u>		
<i>U.S. Department of Agriculture</i>									
Passed through Michigan Department of Education:									
Child Nutrition Cluster									
Seamless Summer Option - Breakfast	10.553								
COVID-19 211971		\$ 57,147	\$ -	\$ -	\$ 57,147	\$ -	\$ 57,147	\$ -	\$ -
COVID-19 221971		373,939	-	-	373,939	-	373,939	-	-
		431,086	-	-	431,086	-	431,086	-	-
National School Lunch Program	10.555								
COVID-19 211961		125,423	-	-	125,423	-	125,423	-	-
COVID-19 220910		41,098	-	-	41,098	-	41,098	-	-
COVID-19 221961		802,160	-	-	802,160	-	802,160	-	-
Entitlement Commodities		75,683	-	-	75,683	-	75,683	-	-
		1,044,364	-	-	1,044,364	-	1,044,364	-	-
Summer Food Service Program for Children	10.559								
COVID-19 210904		1,329,085	77,580	-	259,731	1,146,934	182,151	-	-
Total Child Nutrition Cluster		2,804,535	77,580	-	1,735,181	1,146,934	1,657,601	-	-
Child and Adult Care Food Program	10.558								
COVID-19 211920		1,034,587	13,661	-	68,354	979,894	54,693	-	-
COVID-19 212010		56,016	725	-	3,623	53,118	2,898	-	-
COVID-19 211925		1,598	-	-	1,598	-	1,598	-	-
COVID-19 221920		536,097	-	-	536,097	-	536,097	-	-
COVID-19 222010		28,833	-	-	28,833	-	28,833	-	-
		1,657,131	14,386	-	638,505	1,033,012	624,119	-	-
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649								
COVID-19 210980		3,063	-	-	3,063	-	3,063	-	-
Total passed through Michigan Department of Education		4,464,729	91,966	-	2,376,749	2,179,946	2,284,783	-	-
Passed through County of Muskegon:									
Forest Service Schools and Roads Cluster Schools and Roads—Grants to States	10.665	464	-	-	464	-	464	-	-
Total U.S. Department of Agriculture		4,465,193	91,966	-	2,377,213	2,179,946	2,285,247	-	-

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2022

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2021	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2022	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Health and Human Services</i>									
Passed through Michigan Department of Education:									
Child Care Development Fund Cluster									
Child Care and Development Block Grant	93.575								
Fall 2021 Stabilization Grant		\$ 944,013	\$ -	\$ -	\$ 944,013	\$ -	\$ 510,046	(433,967)	\$ -
Spring 2022 Stabilization Grant		1,038,225	-	-	1,038,225	-	-	(1,038,225)	-
		1,982,238	-	-	1,982,238	-	510,046	(1,472,192)	-
Passed through Muskegon Area Intermediate School District:									
Head Start Cluster									
Head Start	93.600								
05CH011882-01		1,000,180	226,441	-	620,993	605,628	394,552	-	-
05CH011882-02		1,023,659	-	-	467,639	-	593,704	126,065	-
		2,023,839	226,441	-	1,088,632	605,628	988,256	126,065	-
Medicaid Cluster									
Medical Assistance Program	93.778								
Outreach 2021		11,303	-	-	11,303	-	11,303	-	-
Total passed through Muskegon Area Intermediate School District		2,035,142	226,441	-	1,099,935	605,628	999,559	126,065	-
Total U.S. Department of Health and Human Services		4,017,380	226,441	-	3,082,173	605,628	1,509,605	(1,346,127)	-
TOTAL FEDERAL ASSISTANCE		\$11,630,661	\$ 488,942	\$ -	\$ 7,189,129	\$ 3,875,113	\$ 5,786,486	\$ (913,701)	\$ -

The accompanying notes are an integral part of this schedule.

Whitehall District Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the School District 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 the School District, it is not intended to and does not present the financial position or change in net position of the School District.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. 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 shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Management has utilized the Michigan Department of Education NexSys Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.
4. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per June 30, 2022

Governmental Funds financial statements

General Fund	\$ 2,003,401	
Community Education Fund	1,517,549	
Other governmental funds (includes Food Service Fund)	2,265,536	\$ 5,786,486
Expenditures per single audit report		
Schedule of Expenditures of Federal Awards		\$ 5,786,486

Whitehall District Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2022

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ X yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes X no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditor’s report issued on compliance for major federal programs: **Unmodified**
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ X yes _____ no

4. Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program/Cluster</u>
	U.S. Department of Health and Human Services
93.600	• Head Start Cluster
	U.S. Department of Education
84.425D	• Education Stabilization Fund
	U.S. Department of Health and Human Services
93.575	• Child Care Development Fund Cluster

5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? _____ X yes _____ no

Whitehall District Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2022-001: SIGNIFICANT DEFICIENCY—Proper Use of School District Funds

Criteria or Specific Requirement: Under a Michigan school district’s general powers authority, an expenditure is generally allowable if it has a reasonable “educational nexus” to the operation of the school district in carrying out its educational mission and there is no specific limitation or prohibition on the expenditure in contravention of the general powers authority.

Condition: During the audit, it was noted that post-secondary scholarships were paid out of the Activity Fund as scholarships were granted by the School District to students in excess of what the Community Foundation for Muskegon County funded, thus creating a deficit in the scholarship funds within the Activity Fund. To cover the deficit to the scholarship funds within the Activity Fund, a transfer from the General Fund was made.

Context: During our testing of due to other funds, due from other funds and transfers, we noted that the General Fund made a transfer to the Activity Fund to cover excess post-secondary scholarships awarded.

Effect: The use of General Fund resources for purposes of post-secondary scholarships is not allowed as such scholarships are not deemed to have reasonable educational nexus to the operation of the School District in carrying out its educational mission.

Cause: The School District has had several scholarship accounts for many years. Prior to GASB 84, these funds were not accounted for in a special revenue fund. With the implementation of GASB 84, these funds are subject to the requirements of the special revenue fund. School District personnel did not realize the implication of this change and the impact of using General Fund resources to balance the accounts.

Repeat Finding: This is **not** a repeat finding.

Recommendation: The School District should contact the School District attorney to discuss a plan regarding the handling of post-secondary scholarships going forward.

Views of Responsible Officials: The School District agrees with this finding and immediately reversed the transfer upon audit so that no funds were effectively transferred. The School District will contact an attorney and other organizations such as area foundations to implement a solution.

Whitehall District Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2022-002: SIGNIFICANT DEFICIENCY—Recording of Food Service Claims Activity

Criteria or Specific Requirement: Under 7 CFR Sections 210.8—*Claims for Reimbursement* and 220.11—*Reimbursement Procedures*, an entity must submit monthly claims for reimbursement for meals and/or snacks served to eligible students within 60 days following the last day of the month covered by the claim.

Condition: During the audit, it was noted that an eligible month's claim for reimbursement of food service activity was not filed within the 60 day claim period, therefore foregoing reimbursement for the meals served.

Context: Prior to the issuance of the audit report it was noted that the revenue and related receivable were not recorded for the eligible June 2022 reporting period. Prior to the audit process, the School District was not aware that the claim had not been requested. Since any request upon discovery would have been outside the 60 days following the last day of the month for the covered claim, the School District would have needed to apply for a waiver that is available once every three years. Due to the amount involved, the School District opted to forego the request for reimbursement.

Effect: The School District did not collect the \$8,019 of revenues that it would have otherwise been entitled to if the claim for reimbursement been made timely.

Cause: School District personnel overlooked the submission and the internal controls over reporting did not detect the oversight.

Repeat Finding: This is **not** a repeat finding.

Recommendation: The School District should implement a system to verify that all eligible claims for reimbursement are submitted to the State of Michigan on a timely basis.

Views of Responsible Officials: The School District agrees with this finding and has added a monthly event to the Business Office calendar with multiple personnel involved to prevent a recurrence.

Whitehall District Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2022-003: SIGNIFICANT DEFICIENCY—Recording of Federal Revenues to Proper Federal Program

Criteria or Specific Requirement: Upon receipt of federal revenues flowing through the Michigan Department of Education, client personnel should utilize the *Grant Auditor Report* to ensure the revenue received is being posted to the proper general ledger accounts.

Condition: Payments from the State of Michigan are electronically deposited into the school bank account without funding source information. During the audit, it was noted that the revenue per the *Grant Auditor Report* did not agree to the proper general ledger revenue accounts.

Context: During our audit of food service federal revenues we noted that revenues reported on the *Grant Auditor Report* did not reconcile to the general ledger revenue accounts for four programs.

Effect: The amount reported for these four programs on the Schedule of Federal Awards would have been inaccurate.

Cause: School District personnel are not utilizing the *Grant Auditor Report* to assist in the allocation of the funds to the proper general ledger revenue accounts.

Repeat Finding: This is **not** a repeat finding.

Recommendation: School District personnel should utilize the *Grant Auditor Report* each month when posting receipts from the Michigan Department of Education to ensure the allocation of funds to the proper general ledger revenue account.

Views of Responsible Officials: The School District agrees with this finding and will ensure that all deposits match claim documentation to ensure the proper accounts are used. For funds sent outside of claim requests, the *Grant Auditor Report* will be used to determine the source. The School District will reconcile its accounting records to the *Grant Auditor Report* at least quarterly and that action has been added to the Business Office calendar.

Whitehall District Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Education

Finding 2022-004: Child Nutrition Cluster Resource Management Procedures

Pass-through entity: Michigan Department of Education

CFDA/Assistance Listing Number(s): 10.555, 10.559, and 10.558

Award Numbers: COVID-19: 211971, 221971, 211961, 220910, 221961, 210904, 211920, 212010, 211925, 221920, 222010

Award Year Ends: June 30, 2021 and June 30, 2022

Specific Requirement: Resource Management and Special Tests — General Program Management

Criteria: Section 210.14(b) and 210.19(a)(1) of the Cost Principles of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a School District to limit its net cash resources in the Food Service Fund to the maximum allowable amount of three months of average expenditures.

Questioned Costs: None.

Condition: During our testing of the Child Nutrition Cluster net cash resources, we noted that the School District Food Service Fund net cash resources were in excess of maximum allowable amount.

Context: As of June 30, 2022, the School District Food Service Fund net cash resources were in excess of the maximum allowable amount.

Effect: The School District could receive reduced funding in future years if the condition continues.

Cause: The School District served more meals than it had anticipated through the Child Nutrition Cluster Summer Food Service and Child and Adult Care Food Programs as a result of the COVID-19 pandemic. This caused a significant increase in funding, which resulted in excess fund balance. The School District had planned to reduce its Food Service Fund net cash resources below the maximum threshold, but due to timing, was unable to get proper approvals, order and receive purchased goods and/or services by the end of the fiscal year.

Repeat Finding: This is a repeat finding.

Recommendation: The School District should develop and complete a spend-down plan to ensure it reduces its Food Service Fund net cash resources below the maximum allowable amount.

Views of Responsible Officials: The School District agrees with this finding.

CLIENT DOCUMENTS



Whitehall District Schools

541 E. Slocum Street — Whitehall, MI 49461 — Telephone: 231-893-1010 — Facsimile: 231-894-6450

Business Administration

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Jerry McDowell
Superintendent
231-893-1005

October 27, 2022

Michelle Pulver
Administrative Asst.
231-893-1005

Michigan Department of Education
Lansing, Michigan

Steve Aardema
Finance Director
231-893-1010

Whitehall District Schools respectfully submits the following summary of the current status of prior audit findings contained in the single audit report for the year ended June 30, 2021 dated October 15, 2021.

Taylor Milz
Accounting Specialist
231-893-1004

SECTION II – FINANCIAL STATEMENT FINDINGS

Dorianne Kittridge
Payroll & Benefits Specialist
231-893-1008

There were *no* findings in relation to the financial statement audit.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Board of Education

U.S. Department of Education

Doug Ogden
President

Finding 2021-001: Child Nutrition Cluster Resource Management Procedures

Rachel Mitteer
Vice President

Pass-through entity: Michigan Department of Education

CFDA/Assistance Listing Number(s): 10.555, 10.559, and 10.558

Award Numbers: 200900 COVID-19, 210904 COVID-19, Bonus and Entitlement

Commodities, 201920, 202010, 211920 and 212010

Award Year Ends: June 30, 2021

Jim TenBrink
Treasurer

Condition: During our testing of the Child Nutrition Cluster net cash resources, we noted that the School District Food Service Fund net cash resources were in excess of maximum allowable amount.

Christopher Mahoney
Secretary

Paula Martin
Trustee

Current Status: This recommendation was not fully implemented during the year ended June 30, 2022. See **Finding 2022-004** for a similar finding was reported during the year ended June 30, 2022.

Shannon McGoran
Trustee

Greg Means
Trustee

Michigan Department of Education
October 27, 2022
Page 2

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

U.S. Department of Education

Finding 2021-002: Child Nutrition Cluster Reporting Review Procedures

Pass-through entity: Michigan Department of Education (MDE)

CFDA/Assistance Listing Number(s): 10.559

Award Numbers: 200900 COVID-19 and 210904 COVID-19

Award Year Ends: June 30, 2021

Condition: During our detailed testing of the Child Nutrition Cluster claims reports, we noted that the claims reports were properly performed in accordance with federal requirements and reviewed with documented approval. However, despite this review, the incorrect meal count was reported for one month during the fiscal year.

Current Status: This recommendation was implemented during the year ended June 30, 2022. **No** similar finding was reported during the year ended June 30, 2022.

Sincerely,



Jerry McDowell
Superintendent



Whitehall District Schools

541 E. Slocum Street — Whitehall, MI 49461 — Telephone: 231-893-1010 — Facsimile: 231-894-6450

CORRECTIVE ACTION PLAN

Business Administration

October 27, 2022

Jerry McDowell
Superintendent
231-893-1005

Michigan Department of Education
Lansing, Michigan

Michelle Pulver
Administrative Asst.
231-893-1005

Whitehall District Schools respectfully submits the following Corrective Action Plan for the year ended June 30, 2022.

Steve Aardema
Finance Director
231-893-1010

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
P.O. Box 999
Muskegon, Michigan 49443

Taylor Milz
Accounting Specialist
231-893-1004

Audit period: June 30, 2022

Dorianne Kittridge
Payroll & Benefits Specialist
231-893-1008

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2022 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Board of Education

SECTION II – FINANCIAL STATEMENT FINDINGS

Doug Ogden
President

Finding 2022-001: SIGNIFICANT DEFICIENCY—Proper Use of School District Funds

Rachel Mitteer
Vice President

Recommendation: The School District should contact the School District attorney to discuss a plan of correction and how to handle post-secondary scholarships going forward.

Jim TenBrink
Treasurer

Action Taken: The School District immediately reversed the transfer upon audit so that no funds were effectively transferred. The School District will contact an attorney and other organizations such as area foundations to implement a solution.

Christopher Mahoney
Secretary

Responsible Person and Completion Date: The Director of Finance and Superintendent will implement a solution during the 2022-23 fiscal year.

Paula Martin
Trustee

Finding 2022-002: SIGNIFICANT DEFICIENCY—Recording of Food Service Claims Activity

Shannon McGoran
Trustee

Recommendation: The School District should implement a system to verify that all eligible claims for reimbursement are submitted to the State of Michigan on a timely basis.

Greg Means
Trustee

Action Taken: The School District has added a monthly event to the Business Office calendar with multiple personnel involved to prevent a recurrence.

Responsible Person and Completion Date: The Director of Finance is responsible and has included the Accounting Specialist and both Food Service claims personnel. The appropriate action has been taken as of October 19, 2022.

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2022-003: SIGNIFICANT DEFICIENCY—Recording of Federal Revenues to Proper Federal Program

Recommendation: School District personnel should utilize the *Grant Auditor Report* each month when posting receipts from the Michigan Department of Education to ensure the allocation of funds to the proper general ledger revenue account.

Action Taken: The School District will ensure that all deposits match claim documentation to ensure the proper accounts are used. For funds sent outside of claim requests, the *Grant Auditor Report* will be used to determine the source. The School District will reconcile its accounting records to the *Grant Auditor Report* at least quarterly and that action has been added to the Business Office calendar.

Responsible Person and Completion Date: The Director of Finance is responsible and has taken the appropriate action as of October 19, 2022.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-004: Child Nutrition Cluster Resource Management Procedures

Recommendation: The School District should develop and complete a spend-down plan to ensure it reduces its Food Service Fund net cash resources below the maximum allowable amount.

Action Taken: The district has submitted a spend-down plan to the Michigan Department of Education. That plan was approved and an extension of time was granted by MDE to allow the School District to implement it through the 2022-23 fiscal year. The School District has been buying equipment and seeking bids on additional equipment. The School District is also continuing its approved use of the Community Eligibility Provision to provide free lunches to all students.

Responsible Person and Anticipated Completion Date: The Director of Finance and Food Service Supervisor will be responsible for reducing the fund balance in a responsible way. Due to the scope of the issue and potential solutions, implementation will occur through the 2022-23 year.

If the Michigan Department of Education has questions regarding this plan, please call Jerry McDowell at (231) 893-1005.

Sincerely,



Jerry McDowell
Superintendent