

Whitehall District Schools
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**

Financial Report and
Independent Auditor's Reports

June 30, 2018



Whitehall District Schools

C O N T E N T S

FINANCIAL REPORT AND INDEPENDENT AUDITOR’S REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
---	---

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	3
---	---

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	6
---	---

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	8
--	---

SCHEDULE OF FINDINGS AND RESPONSES	9
--	---

CLIENT DOCUMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	11
--	----

CORRECTIVE ACTION PLAN	12
------------------------------	----

**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 the *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, 2018, 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 12, 2018.

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) to determine the 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. 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.

Board of Education
Whitehall District Schools
Page 2

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive, flowing style.

Muskegon, Michigan
October 12, 2018

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

We have audited Whitehall District Schools' compliance with the types of compliance requirements described 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, 2018. Whitehall District Schools' major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Responses.

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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Whitehall District Schools' 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 (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 Whitehall District Schools' 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 Whitehall District Schools' compliance.

Board of Education
Whitehall District Schools
Page 2

Opinion on Each Major Federal Program

In our opinion, Whitehall District Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Whitehall District Schools 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 Whitehall District Schools' 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 Whitehall District Schools' 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 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.

Board of Education
Whitehall District Schools
Page 3

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 Whitehall District Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Whitehall District Schools' basic financial statements. We issued our report thereon dated October 12, 2018, 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.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive, flowing style.

Muskegon, Michigan
October 12, 2018

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2017	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2018	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	84.002								
181120-165257		\$ 27,621	\$ -	\$ -	\$ 27,621	\$ -	\$ 27,621	\$ -	\$ -
181130-161587		70,000	-	-	70,000	-	70,000	-	-
181190-171557		12,000	-	-	12,000	-	12,000	-	-
		109,621	-	-	109,621	-	109,621	-	-
Title I Grants to Local Educational Agencies	84.010								
171530-1617		403,125	61,925	-	61,925	350,406	-	-	-
181530-1718		330,276	-	-	311,341	-	330,276	18,935	-
		733,401	61,925	-	373,266	350,406	330,276	18,935	-
Supporting Effective Instruction State Grants	84.367								
170520-1617		75,278	16,082	-	16,082	68,259	-	-	-
180520-1718		73,688	-	-	66,297	-	73,688	7,391	-
		148,966	16,082	-	82,379	68,259	73,688	7,391	-
Student Support and Academic Enrichment Program	84.424								
180750-1718		10,000	-	-	10,000	-	10,000	-	-
Total passed through Michigan Department of Education		1,001,988	78,007	-	575,266	418,665	523,585	26,326	-
Passed through Muskegon Area Intermediate School District:									
Special Education Cluster									
Special Education—Grants to States	84.027								
170450-1617		377,338	127,666	-	127,666	337,338	-	-	-
180450-1718		387,214	-	-	381,545	-	387,214	5,669	-
		764,552	127,666	-	509,211	337,338	387,214	5,669	-
Special Education—Preschool Grants	84.173								
170460-1617		18,420	3,459	-	3,459	18,420	-	-	-
180450-1718		16,288	-	-	16,288	-	16,288	-	-
		34,708	3,459	-	19,747	18,420	16,288	-	-
Total Special Education Cluster passed through Muskegon Area Intermediate School District		799,260	131,125	-	528,958	355,758	403,502	5,669	-
Passed through Kent Intermediate School District:									
English Language Acquisition State Grants	84.365								
180580-1718		170	-	-	170	-	170	-	-
Total U.S. Department of Education		1,801,418	209,132	-	1,104,394	774,423	927,257	31,995	-

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2018

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2017	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2018	Passed through to subrecipients
						Prior year(s)	Current year		
U.S. Department of Agriculture									
Passed through Michigan Department of Education:									
Child Nutrition Cluster									
School Breakfast Program	10.553								
171970		\$ 157,544	\$ -	\$ -	\$ 16,537	\$ 141,007	\$ 16,537	\$ -	\$ -
181970		152,175	-	-	152,175	-	152,175	-	-
		309,719	-	-	168,712	141,007	168,712	-	-
National School Lunch Program	10.555								
171960		401,745	-	-	44,376	357,369	44,376	-	-
181960		389,101	-	-	389,101	-	389,101	-	-
Entitlement commodities		64,380	-	-	61,225	-	61,225	-	-
		855,226	-	-	494,702	357,369	494,702	-	-
Total Child Nutrition Cluster		1,164,945	-	-	663,414	498,376	663,414	-	-
Child and Adult Care Food Program	10.558								
171920		25,546	246	-	3,120	19,881	2,874	-	-
181920		23,621	-	-	23,236	-	23,621	385	-
		49,167	246	-	26,356	19,881	26,495	385	-
Total passed through Michigan Department of Education		1,214,112	246	-	689,770	518,257	689,909	385	-
Passed through County of Muskegon:									
Schools and Roads—Grants to States	10.665	557	-	-	557	-	557	-	-
Total U.S. Department of Agriculture		1,214,669	246	-	690,327	518,257	690,466	385	-
U.S. Department of Health and Human Services									
Passed through Muskegon Area Intermediate School District:									
Head Start	93.600								
05CH010377-02		878,746	140,546	-	455,866	482,705	315,320	-	-
05CH010377-03		890,698	-	-	335,661	-	529,061	193,400	-
		1,769,444	140,546	-	791,527	482,705	844,381	193,400	-
Medical Assistance Program	93.778								
393		1,642	-	-	1,642	-	1,642	-	-
Total U.S. Department of Health and Human Services		1,771,086	140,546	-	793,169	482,705	846,023	193,400	-
TOTAL FEDERAL ASSISTANCE		\$ 4,787,173	\$ 349,924	\$ -	\$ 2,587,890	\$ 1,775,385	\$ 2,463,746	\$ 225,780	\$ -

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, 2018

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, 2018. 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 Cash Management System Grant Auditor Report (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, 2018

Governmental Funds financial statements

General Fund	\$ 929,456	
Community Education Fund	870,876	
Debt Service Fund	489,423	
Other governmental funds (includes Food Service Fund)	<u>663,414</u>	\$ 2,953,169

Federal subsidy on construction bonds not reported on Schedule of Expenditures of Federal Awards.	<u>(489,423)</u>
--	------------------

Expenditures per single audit report

Schedule of Expenditures of Federal Awards	<u><u>\$ 2,463,746</u></u>
--	----------------------------

Whitehall District Schools
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2018

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? _____ yes **X** 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)? _____ yes **X** no
4. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program/Cluster</u>
84.010	U.S. Department of Education Title I Grants to Local Educational Agencies
93.600	U.S. Department of Health and Human Services Head Start
5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? _____ yes **X** no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

CLIENT DOCUMENTS



Whitehall District Schools

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

Business

Administration

Dr. Jerry
McDowell
Superintendent
231-893-1005

Michelle Pulver
Administrative
Assistant
231-893-1005

Steve Aardema
Finance &
Technology
Director
231-893-1010

Roberta Goodman
Accounting
Specialist
231-893-1010

Doranne Kittridge
Payroll & Benefits
Specialist
231-893-1010

Board of Education

Chris Mahoney
President

Brad Johnson
Vice President

Jimmy TenBrink
Treasurer

Penny Evert
Secretary

Shon Cook
Trustee

Tom Mallory
Trustee

Doug Ogden
Trustee

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Michigan Department of Education
Lansing, Michigan

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, 2017 dated October 12, 2017.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2017-001: MATERIAL WEAKNESS—2017 School Building and Site Fund Accounts Payable Cut-off Procedures

Condition: During our detailed tests of accounts payable, we noted that accounts payable of \$63,209 for construction retainage was not recorded within the 2017 School Building and Site Fund as of and for the year ended June 30, 2017.

Recommendation: All transactions, including construction retainage, relating to the 2017 School Building and Site Fund should be recorded as incurred within the proper fiscal year.

Current Status: This recommendation was implemented during the year ended June 30, 2018. No similar finding was reported during the single audit for the year ended June 30, 2018.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were **no** findings reported in relation to major federal award programs during the single audit for the year ended June 30, 2017.

Sincerely,

Jerry McDowell
Superintendent
October 12, 2018



Whitehall District Schools

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

CORRECTIVE ACTION PLAN

Business

Administration

Dr. Jerry McDowell

Superintendent
231-893-1005

Michelle Pulver
Administrative
Assistant
231-893-1005

Steve Aardema

Finance &
Technology
Director
231-893-1010

Roberta Goodman
Accounting
Specialist
231-893-1010

Doranne Kittridge
Payroll & Benefits
Specialist
231-893-1010

Board of Education

Chris Mahoney
President

Brad Johnson
Vice President

Jimmy TenBrink
Treasurer

Penny Evert
Secretary

Shon Cook
Trustee

Tom Mallory
Trustee

Doug Ogden
Trustee

Michigan Department of Education
Lansing, Michigan

Whitehall District Schools respectfully submits the following Corrective Action Plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

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

Audit period: June 30, 2018

The findings from the Schedule of Findings and Responses for the year ended June 30, 2018 provided **no** findings in either Section II or Section III. Accordingly, there are **no** matters requiring corrective action as shown below.

SECTION II – FINANCIAL STATEMENT FINDINGS

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were **no** findings in relation to the major federal award programs.

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

Sincerely,

Jerry McDowell
Superintendent
October 12, 2018