

Orchard View Schools
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
June 30, 2023



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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
Orchard View Schools
Muskegon, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Orchard View Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Orchard View Schools’ basic financial statements, and have issued our report thereon dated November 1, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Orchard View 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 Orchard View Schools’ internal control. Accordingly, we do not express an opinion on the effectiveness of Orchard View Schools’ internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as **Findings 2023-001, 2023-002 and 2023-003** to be material weaknesses.

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.

Board of Education
Orchard View Schools
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orchard View 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*.

Orchard View Schools’ Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Orchard View Schools’ response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Orchard View Schools’ response was not subjected to the other 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
November 1, 2023

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
Orchard View Schools
Muskegon, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Orchard View 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 Orchard View Schools' major federal programs for the year ended June 30, 2023. Orchard View 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, Orchard View 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, 2023.

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 of our report.

We are required to be independent of Orchard View 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 Orchard View Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Orchard View Schools' federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Orchard View 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 Orchard View 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 Orchard View 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 Orchard View 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 Orchard View 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 instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs, as **Findings 2023-004** and **2023-005**. 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 Orchard View Schools’ response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Orchard View 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.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as **Findings 2023-004** and **2023-005**, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Orchard View Schools’ response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Orchard View 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.

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

We have audited the financial statements of Orchard View Schools as of and for the year ended June 30, 2023, and have issued our report thereon dated November 1, 2023 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
November 1, 2023

Orchard View Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Program or award amount	Accrued	Adjustments and Transfers	Cash or	Expenditures		Accrued	Passed through to subrecipients
			(unearned) revenue July 1, 2022		payments in kind received (cash basis)	(accrual basis) Prior year(s)	Current year	(unearned) revenue June 30, 2023	
<i>U.S. Department of Education</i>									
Passed through Michigan Department of Education:									
Adult Education—Basic Grants to States	84.002A								
221130-221719		\$ 245,906	\$ 165,659	\$ -	\$ 165,659	\$ 245,906	\$ -	\$ -	\$ -
221190-221719		3,182	3,182	-	3,182	3,182	-	-	-
231130-231719		251,168	-	-	-	-	249,538	249,538	-
231190-231719		14,214	-	-	-	-	14,214	14,214	-
		514,470	168,841	-	168,841	249,088	263,752	263,752	-
Title I Grants to Local Educational Agencies	84.010A								
221530-2122		735,091	502,990	-	516,801	716,266	10,281	(3,530)	-
231530-2223		565,695	-	-	-	-	562,758	562,758	-
		1,300,786	502,990	-	516,801	716,266	573,039	559,228	-
Supporting Effective Instruction State Grants	84.367A								
220520-2122		147,542	31,085	-	62,761	74,489	28,005	(3,671)	-
230520-2223		127,299	-	-	-	-	100,035	100,035	-
		274,841	31,085	-	62,761	74,489	128,040	96,364	-
Student Support and Academic Enrichment Program	84.424A								
220750-2122		91,831	25,707	-	26,496	25,707	789	-	-
230750-2223		87,614	-	-	-	-	30,679	30,679	-
		179,445	25,707	-	26,496	25,707	31,468	30,679	-

Orchard View Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2023

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Program or award amount	Accrued	Adjustments And Transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued	Passed through to subrecipients
			(unearned) revenue July 1, 2022			Prior year(s)	Current year	(unearned) revenue June 30, 2023	
<i>U.S. Department of Education—Continued</i>									
Passed through Michigan Department of Education—									
Continued:									
Education Stabilization Fund									
Elementary and Secondary School Emergency									
Relief Fund									
COVID-19 213712-2021	84.425D	\$ 1,975,677	\$ 144,635	\$ -	\$ 144,634	\$ 1,496,954	\$ 323,285	\$ 323,286	\$ -
American Rescue Plan - Elementary and									
Secondary School Emergency Relief									
COVID-19 213713-2122	84.425U	4,440,247	146,339	-	228,004	551,779	2,116,744	2,035,079	-
Total Education Stabilization Fund		6,415,924	290,974	-	372,638	2,048,733	2,440,029	2,358,365	-
Total passed through Michigan Department of Education		8,685,466	1,019,597	-	1,147,537	3,114,283	3,436,328	3,308,388	-
Passed through Calhoun Intermediate School District:									
Title I—Grants to Local Educational Agencies S010A220022	84.010A	60,000	-	-	-	-	30,358	30,358	-
Passed through Muskegon Area Intermediate School District:									
Title I—Grants to Local Educational Agencies S010A180022-2122	84.010A	111,531	17,211	-	27,371	42,659	10,160	-	-
S010A180022-2223		108,946	-	-	-	-	90,242	90,242	-
		220,477	17,211	-	27,371	42,659	100,402	90,242	-
Special Education Cluster									
Special Education—ARP Grants to States COVID-19 221280 21-22	84.027X	58,949	-	-	-	-	58,949	58,949	-
Special Education - Preschool Grants COVID-19 221285 21-22	84.173X	12,637	-	-	-	-	12,637	12,637	-
Total Special Education Cluster		71,586	-	-	-	-	71,586	71,586	-
Total Passed through Muskegon Area Intermediate School District		292,063	17,211	-	27,371	42,659	171,988	161,828	-
Total U.S. Department of Education		9,037,529	1,036,808	-	1,174,908	3,156,942	3,638,674	3,500,574	-

Orchard View Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2023

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Program or award amount	Accrued (unearned) revenue July 1, 2022	Adjustments And Transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2023	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Agriculture</i>									
Passed through Michigan Department of Education:									
Child Nutrition Cluster									
National Breakfast Program	10.553								
221970		\$ 53,926	\$ -	\$ -	\$ 53,926	\$ -	\$ 53,926	\$ -	\$ -
221971		399,654	70,820	-	70,820	399,654	-	-	-
231970		402,948	-	-	322,776	-	402,948	80,172	-
		<u>856,528</u>	<u>70,820</u>	<u>-</u>	<u>447,522</u>	<u>399,654</u>	<u>456,874</u>	<u>80,172</u>	<u>-</u>
National School Lunch Program	10.555								
220910		115,374	-	-	70,651	44,723	70,651	-	-
221960		153,561	-	-	153,561	-	153,561	-	-
221961		1,020,612	168,283	-	168,283	1,020,612	-	-	-
231960		1,067,418	-	-	875,470	-	1,067,418	191,948	-
Entitlement commodities		127,480	-	-	127,480	-	127,480	-	-
Bonus Commodities		10,671	-	-	10,671	-	10,671	-	-
		<u>2,495,116</u>	<u>168,283</u>	<u>-</u>	<u>1,406,116</u>	<u>1,065,335</u>	<u>1,429,781</u>	<u>191,948</u>	<u>-</u>
Summer Food Service Program for Children	10.559								
220900		159,340	-	-	159,340	-	159,340	-	-
230900		21,374	-	-	-	-	21,374	21,374	-
		<u>180,714</u>	<u>-</u>	<u>-</u>	<u>159,340</u>	<u>-</u>	<u>180,714</u>	<u>21,374</u>	<u>-</u>
Total Child Nutrition Cluster		3,532,358	239,103	-	2,012,978	1,464,989	2,067,369	293,494	-
Child Nutrition Discretionary Grants Limited Availability	10.579								
221995 2023		10,000	-	-	-	-	7,858	7,858	-
Child and Adult Care Food Program	10.558								
221920		111,460	25,326	-	41,719	95,067	16,393	-	-
222010		4,855	1,194	-	1,874	4,175	680	-	-
231920		81,799	-	-	62,322	-	81,799	19,477	-
232010		2,996	-	-	2,439	-	2,996	557	-
		<u>201,110</u>	<u>26,520</u>	<u>-</u>	<u>108,354</u>	<u>99,242</u>	<u>101,868</u>	<u>20,034</u>	<u>-</u>
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649								
COVID-19 220980-2223		3,135	-	-	3,135	-	3,135	-	-
Total passed through Michigan Department of Education and U.S. Department of Agriculture		3,746,603	265,623	-	2,124,467	1,564,231	2,180,230	321,386	-

Orchard View Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2023

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Program or award amount	Accrued (unearned) revenue July 1, 2022	Adjustments And Transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2023	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Health and Human Services</i>									
Passed through Muskegon Area Intermediate									
School District:									
Head Start Cluster									
Head Start									
	93.600								
05CH011882-03-00		\$ 964,825	\$ 237,404	\$ -	\$ 663,427	\$ 538,942	\$ 426,023	\$ -	\$ -
05CH011882-03-01		846,038	-	-	274,235	-	497,321	223,086	-
COVID-19 05HE001049-01-02		168,291	80,973	-	168,291	80,973	87,318	-	-
		<u>1,979,154</u>	<u>318,377</u>	<u>-</u>	<u>1,105,953</u>	<u>619,915</u>	<u>1,010,662</u>	<u>223,086</u>	<u>-</u>
Medicaid Cluster									
Medical Assistance Program									
	93.778								
Outreach 2223		6,068	-	-	6,068	-	6,068	-	-
Total passed through Muskegon Area Intermediate and U.S. Department of Health and Human Services									
		<u>1,985,222</u>	<u>318,377</u>	<u>-</u>	<u>1,112,021</u>	<u>619,915</u>	<u>1,016,730</u>	<u>223,086</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 14,769,354</u>	<u>\$ 1,620,808</u>	<u>\$ -</u>	<u>\$ 4,411,396</u>	<u>\$ 5,341,088</u>	<u>\$ 6,835,634</u>	<u>\$ 4,045,046</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

Orchard View Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

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, 2023. 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. Cash or payments in kind received (cash basis) for certain federal programs do not match the Grant Auditor Report because the following payments in the Grant Auditor Report as of June 30, 2022 were not received by the School District until July 2022.

National Breakfast Program	COVID-19 221971	\$	60,806
National School Lunch Program	COVID19-221961		174,300

5. Cash or payments in kind received (cash basis) for certain federal programs do not match the Grant Auditor Report because the following payments in the Grant Auditor Report as of June 30, 2023 were not received by the School District until July 2023.

National Breakfast Program	231970	\$	62,061
National School Lunch Program	231960		148,073
Child and Adult Care Food Program	231920		7,701
Child and Adult Care Food Program	232010		236

6. The prior year was restated due to a missed accrued revenue. The accrued revenues at July 1, 2022 and prior year expenditures were increased for the following grant:

Head Start	COVID-19 05HE001049-01-02	\$	80,973
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7. 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, 2023

Governmental Funds financial statements

General Fund	\$	2,701,499	
Community Service Fund		1,300,953	
Other governmental funds (including Food Service Fund)		2,177,095	\$ 6,179,547

Deferred inflows of resources—unavailable revenues—long-term receivables

Title I—Grants to Local Educational Agencies	S010A220022	30,358	
Title I—Grants to Local Educational Agencies	S010A180022-2223	11,868	
American Rescue Plan - Elementary and	COVID-19		
Secondary School Emergency Relief	213713-2122	613,861	656,087

Expenditures per single audit report

Schedule of Expenditures of Federal Awards	\$ 6,835,634
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Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

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? X yes 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? X yes 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 or Cluster</u>
	U.S. Department of Education
84.425D and 84.425U	• Education Stabilization Fund
	U.S. Department of Agriculture
10.553, 10.555 and 10.559	• Child Nutrition 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

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001: MATERIAL WEAKNESS—Account Balance Reconciliations

Criteria: Balance sheet and income statement account balances should be reconciled to detailed supporting documentation on a timely basis.

Condition: There were a significant number of account balances that were not reconciled to supporting documentation on a timely basis during the fiscal year, resulting in significant year-end adjustments.

Context: During our year-end substantive testing, we noted that a significant number of financial statement account balances were not reconciled to supporting schedules or analyzed for unusual activity during the year, thus causing a number of material adjustments at year end.

Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2023-001: MATERIAL WEAKNESS—Account Balance Reconciliations—Continued

Effect: Failure to reconcile account balances timely can adversely affect the accuracy of internally-prepared monthly financial statements, and correspondingly, adversely affect the analysis of conclusions as to the School District’s financial position and results of operations by management and other users of such monthly financial statements. Additionally, this condition significantly increases the amount of year-end general ledger account analysis and adjusting journal entries by School District personnel, causing significant delays in closing fiscal year financial records and issuing audited financial statements.

Cause: The School District experienced personnel changes and shortages within the accounting function during the year, including a two-month gap between business managers, and an extended medical leave, which caused some reconciliations to not be completed timely as there was no available replacement during this time.

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

Recommendation: The utilization of a monthly closing checklist with signoffs and dating, along with written procedures, would encourage personnel to review the accuracy of month-end balances through analysis of account activity, comparison to supporting documentation, and/or reconciliation with detailed schedules.

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

Finding 2023-002: MATERIAL WEAKNESS—Bank Reconciliation Procedures

Criteria: Bank reconciliations should be timely prepared and any variances noted should be followed up on and corrected in a timely manner.

Condition: During the audit, it was noted that the School District’s bank accounts were not being reconciled on a timely basis, and large reconciling items were left unresolved until year end.

Context: During the audit, we noted that bank reconciliations for 11 of 12 months from the fiscal year were prepared after year end, and large unreconciled reconciliations were not addressed until the year-end audit.

Effect: School District accounting records could have been misstated during the year, and errors or the misappropriation of funds could have occurred without timely detection.

Cause: The School District experienced personnel changes and shortages within the accounting function during the year, including a two-month gap between business managers, and an extended medical leave, which caused some reconciliations to not be completed timely as there was no available replacement during this time.

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

Recommendation: Bank reconciliations should be timely prepared and reconciliation discrepancies should be followed up on in a timely manner.

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

Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2023-003: MATERIAL WEAKNESS—Budget Monitoring and Amendments

Criteria: The Uniform Budgeting and Accounting Act requires that when it is determined that the actual and probable revenues from taxes and other sources in a fund are less than the estimated revenues, including available fund balances, upon which the original appropriations from the fund were based, or when the local school board expenditure priorities change during the course of the fiscal year, the budget must be amended.

Condition: The School District had multiple expenditure functions in excess of budget in two funds.

Context: Total expenditures for the General Fund and Community Education Fund exceeded total budgeted amounts. Additionally, certain expenditures by function significantly exceeded budgeted amounts.

Cause: The School District experienced personnel changes and shortages within the accounting function during the year, including a two-month gap between business managers, and an extended medical leave, which caused some budget amendments to not be completed timely as there was no available replacement during this time.

Effect: The School District was not in compliance with the Uniform Budgeting and Accounting Act.

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

Recommendation: The School District should regularly monitor its budget and amend it as needed when it is necessary to incur expenditures in excess of the previous amount budgeted.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2023-004: Education Stabilization Fund Special Reporting Procedures

U.S. Department of Education

Pass-through agency: Michigan Department of Education

Assistance Listing Numbers: 84.425D and 84.425U

Award numbers: COVID-19 213712-2021 and COVID-19 213713-2122

Award year end: September 30, 2024

Specific Requirement: Reporting—Special Reporting

Criteria: OMB No. 1810-0749 requires Education Stabilization Fund grantees to submit reports with data on expenditures, planned expenditures, subrecipients, and uses of funds, including for mandatory reservations. Local educational agency/subrecipients submit data to the state education agency (SEA) /Governor for the SEA's/Governor's report.

Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

Finding 2023-004: Education Stabilization Fund Special Reporting Procedures—Continued

Questioned Costs: None.

Condition: The required learning loss plan and budget reports were not timely prepared and posted to the transparency page of the Schools District’s website.

Context: During our detailed testing of special reporting for the Education Stabilization Fund programs, we noted that the learning loss plan and budget reports were prepared to comply with federal requirements. However, the reports were not timely prepared or timely reviewed by the program supervisor with documented approval. The reports were subsequently prepared after the School District received a letter from the Michigan Department of Education indicating that the School District had missed the reporting due date.

Effect: Failure to timely prepare and review special reporting results in non-compliance with federal compliance requirements.

Cause: The School District experienced personnel changes and shortages within the accounting function during the year, including a two-month gap between business managers, and an extended medical leave, which caused some special reports to not be completed timely as there was no available replacement during this time.

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

Recommendation: The School District should provide training to accounting department personnel in federal programs of the requirements for special reporting under Uniform Grant Guidance, and the School District should require the necessary special reports to be timely prepared and reviewed by the appropriate accounting department personnel.

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

**Finding 2023-005: Child Nutrition Cluster Federal Reimbursement Receipting Procedures
U.S. Department of Agriculture**

Pass-through agency: Michigan Department of Education

Assistance Listing Numbers: 10.553, 10.555, and 10.559

Award numbers: 221970, 231970, 220910, 221960, 231960, 220900 and 230900

Award year ends: June 30, 2023 and September 30, 2023

Specific Requirement: Special Tests and Provisions—Non-Profit School Food Service Accounts

Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

Finding 2023-005: MATERIAL WEAKNESS—Child Nutrition Cluster Federal Reimbursement Receipting Procedures—Continued

Criteria: 7 CFR sections 210.14(a), 210.14(c), 210.19(a)(2), 215.7(d)(1), 220.2, and 220.7(e)(1)(i) requires a School District to account for all revenues and expenditures of its non-profit school food service in accordance with state and federal requirements. A school food authority must operate its food services on a non-profit basis. All revenue generated by the school food service must be used to operate and improve its food services, and this revenue must be properly and timely credited to the food service account.

Questioned Costs: None.

Condition: Monthly federal reimbursement receipts were not timely credited to the proper food service revenue accounts.

Context: During our detailed testing of monthly federal reimbursement receipts, we noted five of the five monthly receipts tested were properly credited to the corresponding food service revenue accounts. However, the timing of the receipt postings to the general ledger ranged from two to five months after the receipt dates.

Effect: School District's cash and food service revenues were misstated for extended periods throughout the fiscal year, and errors or the misappropriation of funds could have occurred without timely detection.

Cause: The School District experienced personnel changes and shortages within the accounting function during the year, including a two-month gap between business managers, and an extended medical leave, which caused some food service revenue postings to not be completed timely as there was no available replacement during this time.

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

Recommendation: The School District should provide training to accounting department personnel of the requirements for non-profit school food service accounts under Uniform Grant Guidance, and the School District should require payments to be timely receipted and credited to the proper food service accounts.

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

CLIENT DOCUMENTS



ORCHARD VIEW SCHOOLS

35 S. SHERIDAN DRIVE
MUSKEGON, MICHIGAN 49442

Orchard View Early
Elementary
760-1850

Cardinal Elementary
760-1700

OV Middle School
760-1500

OV High School
760-1400

OV Alternative Ed
760-1692

OV HeadStart
760-1787

Central Office
231-760-1300

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 1, 2023

Michigan Department of Education
Lansing, Michigan

Orchard View 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, 2022 dated October 13, 2022.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were *no* findings reported in relation to the financial statement for the year ended June 30, 2023.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-001: Education Stabilization Fund—Governor’s Emergency Education Relief (GEER) and Elementary and Secondary School Emergency Relief (ESSER) Fund Semi-Annual Certification Procedures

U.S. Department of Education

Pass-through entity: Michigan Department of Education

Assistance Listing Numbers: 84.425C and 84.425D

Award numbers: COVID-19 211202-2122, COVID-19 213712-2021, COVID-19 213722-2122 and COVID-19 213742-2122

Award year end: September 30, 2023

Condition: During our detailed testing of time-and-effort reporting for the Education Stabilization Fund—GEER/ESSER programs, we noted that semi-annual certifications were prepared to comply with federal time and effort requirements. However, the reports were not timely prepared or timely reviewed by the program supervisor with documented approval.

Recommendation: The School District should provide training to educate all employees working in federal programs of the requirements for documenting personnel expenses under Uniform Grant Guidance, and the School District should require proper time-and-effort documentation to be timely prepared and certified by the appropriate program supervisor.

Current status: This recommendation was implemented during the year ended June 30, 2023. No similar finding was reported during the single audit for the year ended June 30, 2023.

Sincerely,

Jim Nielsen
Superintendent



ORCHARD VIEW SCHOOLS

35 S. SHERIDAN DRIVE
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231-760-1300

CORRECTIVE ACTION PLAN

November 1, 2023

Michigan Department of Education
Lansing, Michigan

Orchard View Schools respectfully submits the following Corrective Action Plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

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

Audit period: June 30, 2023

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2023 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001: MATERIAL WEAKNESS—Account Balance Reconciliations

Recommendation: The utilization of a monthly closing checklist with signoffs and dating, along with written procedures, would encourage personnel to review the accuracy of month-end balances through analysis of account activity, comparison to supporting documentation, and/or reconciliation with detailed schedules.

Action Taken: The financial services staff will utilize the monthly closing checklist to make sure the accounting records are analyzed and adjusted when necessary to make sure the monthly accounting records are accurate. A supervisor will review the monthly status. Additionally, the Superintendent and accounting department have temporarily contracted an additional accounting professional to assist in completing tasks in this monthly closing process.

Responsible Person and Anticipated Completion Date: Director of Finance, December 2023.

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2023-002: MATERIAL WEAKNESS—Bank Reconciliation Procedures

Recommendation: The School District should perform monthly bank reconciliations and make sure that all necessary adjustments are made to the accounting records in a timely manner.

Action Taken: The accounting department will perform monthly bank reconciliations and adjust the accounting records on a timely basis as necessary. The School District has temporarily hired an additional accounting professional to assist in completing these tasks and is implementing effective mitigating controls for timely reconciliations.

Responsible Person and Anticipated Completion Date: Superintendent and Director of Finance, November 2023.

Finding 2023-003: MATERIAL WEAKNESS—Budget Monitoring and Amendments

Recommendation: The School District should regularly monitor its budget and amend it as needed when it is necessary to incur expenditures in excess of the amount budgeted.

Action Taken: The Superintendent and accounting department will meet periodically to review budget and actual results along with new grants received to amend budgets as required. The School District has temporarily hired an additional accounting professional and is implementing effective mitigating controls to timely amend budgets.

Responsible Person and Anticipated Completion Date: Superintendent and Director of Finance, November 2023.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2023-004: Education Stabilization Fund Special Reporting Procedures

U.S. Department of Education

Pass-through agency: Michigan Department of Education

Assistance Listing Numbers: 84.425D and 84.425U

Award numbers: COVID-19 213712-2021 and COVID-19 213713-2122

Award year end: September 30, 2024

Recommendation: The School District should provide training to accounting department personnel in federal programs of the requirements for special reporting under Uniform Grant Guidance, and the School District should require the necessary special reports to be timely prepared by the appropriate accounting department personnel.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

Finding 2023-004: Education Stabilization Fund Special Reporting Procedures—Continued

Action taken: The financial services staff receive training and will meet periodically to review the special reporting requirements. We will cross train staff and build familiarity with the process, focusing on improving our procedures during the year to streamline special reporting processes. Additionally, the Superintendent and accounting department have temporarily contracted an additional accounting professional to assist the business manager in this process.

Responsible Person and Anticipated Completion Date: Director of Finance, November 2023.

**Finding 2023-005: Child Nutrition Cluster Federal Reimbursement Receipting Procedures
U.S. Department of Agriculture**

Pass-through agency: Michigan Department of Education

Assistance Listing Numbers: 10.553, 10.555, and 10.559

Award numbers: 221970, 231970, 220910, 221960, 231960, 220900 and 230900

Award year ends: June 30, 2023 and September 30, 2023

Recommendation: The School District should provide training to accounting department personnel of the requirements for non-profit school food service accounts under Uniform Grant Guidance, and the School District should require payments to be timely receipted and credited to the proper food service accounts.

Action Taken: The financial services staff will reconcile and record monthly transactions timely in the accounting records. We also will cross train staff and build familiarity with the process, focusing on improving our procedures during the year to streamline receipting processes. Additionally, the Superintendent and accounting department have temporarily contracted an additional accounting professional to assist the business manager in this process.

Responsible Person and Anticipated Completion Date: Director of Finance, November 2023.

If the Michigan Department of Education has questions regarding this plan, please call Jim Nielsen at (231) 760-1309.

Sincerely,



Jim Nielsen
Superintendent