

Orchard View Schools

**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**

Financial Report and
Independent Auditor's Reports

June 30, 2024



Post exit conference

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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, 2024, and the related notes to the financial statements, which collectively comprise Orchard View Schools' basic financial statements, and have issued our report thereon dated October 31, 2024.

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 a material weakness 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as **Finding 2024-001** to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as **Findings 2024-002** and **2024-003** to be significant deficiencies.

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
October 31, 2024

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, 2024. 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, 2024.

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.

Report on Compliance for Each Major Federal Program—Continued

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.

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.

Board of Education
Orchard View Schools
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Report on Internal Control Over Compliance—Continued

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. 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 Orchard View Schools as of and for the year ended June 30, 2024, and have issued our report thereon dated October 31, 2024, 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 31, 2024

Orchard View Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2024

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, 2023		payments in kind received (cash basis)	(accrual basis) Prior year(s)	Current year	(unearned) revenue June 30, 2024	
U.S. Department of Education									
Passed through Calhoun Intermediate School District:									
Title I—Grants to Local Educational Agencies S010A220022	84.010A	\$ 60,000	\$ 30,358	\$ -	\$ 45,443	\$ 30,358	\$ 15,085	\$ -	\$ -
Passed through Michigan Department of Education:									
Adult Education—Basic Grants to States	84.002A								
231130-231719		251,168	249,538	-	249,554	249,538	16	-	-
231190-231719		14,214	14,214	-	14,214	14,214	-	-	-
241130-231719		257,214	-	-	137,551	-	254,769	117,218	-
241190-231719		14,561	-	-	14,330	-	14,561	231	-
		537,157	263,752	-	415,649	263,752	269,346	117,449	-
Title I Grants to Local Educational Agencies	84.010A								
221530-2122		735,091	(3,530)	-	-	726,547	3,530	-	-
231530-2223		565,695	562,758	-	559,789	562,758	(2,969)	-	-
241530-2324		572,887	-	-	418,422	-	563,963	145,541	-
		1,873,673	559,228	-	978,211	1,289,305	564,524	145,541	-
English Language Acquisition State Grants 240570 2324	84.365A	103	-	-	-	-	103	103	-
Supporting Effective Instruction State Grants	84.367A								
220520-2122		147,542	(3,671)	-	-	102,494	3,671	-	-
230520-2223		127,299	100,035	-	100,035	100,035	-	-	-
240520-2324		106,839	-	-	40,170	-	47,408	7,238	-
		381,680	96,364	-	140,205	202,529	51,079	7,238	-
Student Support and Academic Enrichment Program	84.424A								
230750-2223		87,614	30,679	-	30,679	30,679	-	-	-
240750-2324		85,174	-	-	77,200	-	85,174	7,974	-
		172,788	30,679	-	107,879	30,679	85,174	7,974	-

Orchard View Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2024

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Program or award amount	Accrued (unearned) revenue July 1, 2023	Adjustments And Transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2024	Passed through to subrecipients
						Prior year(s)	Current year		
<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									
	84.425D								
COVID-19 213712-2021		\$ 1,975,677	\$ 323,286	\$ -	\$ 478,724	\$ 1,820,239	\$ 155,438	\$ -	\$ -
COVID-19 213782-2223		112,934	-	57,755	112,934	57,755	55,179	-	-
		2,088,611	323,286	57,755	591,658	1,877,994	210,617	-	-
American Rescue Plan - Elementary and Secondary School Emergency Relief									
	84.425U								
COVID-19 213713-2122		4,440,247	2,035,079	128,572	3,225,739	2,797,095	1,326,795	264,707	-
Total Education Stabilization Fund		6,528,858	2,358,365	186,327	3,817,397	4,675,089	1,537,412	264,707	-
Total passed through Michigan Department of Education		9,494,259	3,308,388	186,327	5,459,341	6,461,354	2,507,638	543,012	-
Passed through Muskegon Area Intermediate School District:									
Title I—Grants to Local Educational Agencies									
	84.010A								
S010A180022-2223		186,667	90,242	-	95,528	90,242	5,286	-	-
241570 23-24		187,695	-	-	23,372	-	64,172	40,800	-
		374,362	90,242	-	118,900	90,242	69,458	40,800	-
Special Education Cluster									
	84.027X								
Special Education—ARP Grants to States									
COVID-19 221280 21-22		58,949	58,949	-	58,949	58,949	-	-	-
	84.173X								
Special Education—Preschool Grants									
COVID-19 221285 21-22		12,637	12,637	-	12,637	12,637	-	-	-
Total Special Education Cluster		71,586	71,586	-	71,586	71,586	-	-	-
Education for Homeless Children and Youth	84.196A								
240580 2324		2,541	-	-	-	-	2,541	2,541	-
English Language Acquisition State Grants	84.365A								
240580 2324		10,828	-	-	-	-	2,005	2,005	-
Total Passed through Muskegon Area Intermediate School District		459,317	161,828	-	190,486	161,828	74,004	45,346	-
Total U.S. Department of Education		10,013,576	3,500,574	186,327	5,695,270	6,653,540	2,596,727	588,358	-

Orchard View Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2024

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, 2023		payments in kind received (cash basis)	(accrual basis) Prior year(s)	Current year	(unearned) revenue June 30, 2024	
<i>U.S. Department of Agriculture</i>									
Passed through Michigan Department of Education:									
Local Food for Schools Cooperative Agreement Program 230985 2024	10.185	\$ 39,295	\$ -	\$ -	\$ 39,295	\$ -	\$ 39,295	\$ -	\$ -
Child Nutrition Cluster									
National Breakfast Program	10.553								
231970		466,944	80,172	-	144,168	402,948	63,996	-	-
241970		494,143	-	-	405,356	-	494,143	88,787	-
		<u>961,087</u>	<u>80,172</u>	<u>-</u>	<u>549,524</u>	<u>402,948</u>	<u>558,139</u>	<u>88,787</u>	<u>-</u>
National School Lunch Program	10.555								
231960		1,223,979	191,948	-	348,509	1,067,418	156,561	-	-
240910		59,926	-	-	59,926	-	59,926	-	-
241960		1,082,084	-	-	896,574	-	1,082,084	185,510	-
Bonus Commodities		1,181	-	-	1,181	-	1,181	-	-
Entitlement commodities		136,684	-	-	136,684	-	136,684	-	-
		<u>2,503,854</u>	<u>191,948</u>	<u>-</u>	<u>1,442,874</u>	<u>1,067,418</u>	<u>1,436,436</u>	<u>185,510</u>	<u>-</u>
Summer Food Service Program for Children	10.559								
230900		147,624	21,374	-	147,624	21,374	126,250	-	-
240900		55,679	-	-	-	-	55,679	55,679	-
		<u>203,303</u>	<u>21,374</u>	<u>-</u>	<u>147,624</u>	<u>21,374</u>	<u>181,929</u>	<u>55,679</u>	<u>-</u>
Total Child Nutrition Cluster		3,668,244	293,494	-	2,140,022	1,491,740	2,176,504	329,976	-
Team Nutrition 22 - Education and Equity 222220 TN22FY22	10.574	8,000	-	-	8,000	-	8,000	-	-
Child Nutrition Discretionary Grants Limited Availability	10.579								
221995 2023		10,000	7,858	-	-	7,858	(7,858)	-	-
221997 2024		10,000	-	-	10,000	-	10,000	-	-
		<u>20,000</u>	<u>7,858</u>	<u>-</u>	<u>10,000</u>	<u>7,858</u>	<u>2,142</u>	<u>-</u>	<u>-</u>
Child and Adult Care Food Program	10.558								
231920		94,495	19,477	-	32,173	81,799	12,696	-	-
232010		3,689	557	-	929	2,996	372	-	-
241920		94,626	-	-	72,991	-	94,246	21,255	-
242010		3,914	-	-	3,114	-	3,914	800	-
		<u>196,724</u>	<u>20,034</u>	<u>-</u>	<u>109,207</u>	<u>84,795</u>	<u>111,228</u>	<u>22,055</u>	<u>-</u>
Total passed through Michigan Department of Education and U.S. Department of Agriculture		3,932,263	321,386	-	2,306,524	1,584,393	2,337,169	352,031	-

Orchard View Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2024

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, 2023			Prior year(s)	Current year	(unearned) revenue June 30, 2024	
<i>U.S. Department of Health and Human Services</i>									
Passed through Muskegon Area Intermediate									
School District:									
Head Start Cluster									
Head Start	93.600								
05CH011882-03-02		\$ 887,402	\$ 223,086	\$ -	\$ 613,167	\$ 497,321	\$ 390,081	\$ -	\$ -
05CH011882-04-02		539,006	-	-	270,370	-	539,006	268,636	-
		<u>1,426,408</u>	<u>223,086</u>	<u>-</u>	<u>883,537</u>	<u>497,321</u>	<u>929,087</u>	<u>268,636</u>	<u>-</u>
Medicaid Cluster									
Medical Assistance Program	93.778								
Outreach 2324		7,456	-	-	4,023	-	7,456	3,433	-
		<u>7,456</u>	<u>-</u>	<u>-</u>	<u>4,023</u>	<u>-</u>	<u>7,456</u>	<u>3,433</u>	<u>-</u>
Total passed through Muskegon Area Intermediate and U.S. Department of Health and Human Services		<u>1,433,864</u>	<u>223,086</u>	<u>-</u>	<u>887,560</u>	<u>497,321</u>	<u>936,543</u>	<u>272,069</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE		\$ 15,379,703	\$ 4,045,046	\$ 186,327	\$ 8,889,354	\$ 8,735,254	\$ 5,870,439	\$ 1,212,458	\$ -

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, 2024

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, 2024. 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, 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

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, 2024 were not received by the School District until July 2024.

National Breakfast Program	241970	\$ 73,781
National School Lunch Program	241960	153,333
Child and Adult Care Food Program	241920	10,741
Child and Adult Care Food Program	242010	420

6. The prior year was restated due to a missed accrued revenue. The accrued revenues at July 1, 2023 and prior year expenditures were increased for the following grants:

American Rescue Plan - Elementary and Secondary School Emergency Relief	COVID-19 213713-2122	\$ 128,572
Elementary and Secondary School Emergency Relief Fund	COVID-19 213782-2223	57,755

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, 2024

Governmental Funds financial statements

General Fund	\$ 3,094,132	
Community Service Fund	1,281,552	
Other governmental funds (including Food Service Fund)	<u>2,337,169</u>	\$ 6,712,853

Less: Deferred inflows of resources—unavailable revenues—long-term receivables as of June 30, 2023

Title I—Grants to Local Educational Agencies	S010A220022	\$ (30,358)
Title I—Grants to Local Educational Agencies	S010A180022-2223	(11,868)
Elementary and Secondary School Emergency Relief Fund	COVID-19 213782-2223	(57,755)
American Rescue Plan - Elementary and Secondary School Emergency Relief	COVID-19 213713-2122	<u>(742,433)</u>
		<u>(842,414)</u>

Expenditures per single audit report

Schedule of Expenditures of Federal Awards		<u><u>\$ 5,870,439</u></u>
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Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2024

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? 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)? yes X 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
84.010A	• Title I – Grants to Local Education Agencies
84.425D and 84.425U	• Education Stabilization Cluster
	U.S. Department of Health and Human Services
93.600	• Head Start Cluster

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

Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2024-001: 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 during the year, thus causing a number of material adjustments at year end.

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 ended June 30, 2023, 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 replacement during this time. The School District continued to catch up on uncompleted work during the year ended June 30, 2024.

Repeat Finding: A similar finding was reported during the single audit for the year ended June 30, 2023.

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 2024-002: 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.

Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2024-002: Budget Monitoring and Amendments—Continued

Context: Total expenditures for the Community Education Fund exceeded total budgeted amounts. Additionally, certain expenditure functions exceeded budgeted amounts in the General Fund and Community Education Fund.

Cause: The School District experienced personnel changes and shortages within the accounting function during the year ended June 30, 2023, 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 replacement during this time. The School District continued to catch up on uncompleted work during the year ended June 30, 2024.

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

Repeat Finding: A similar finding was reported during the single audit for the year ended June 30, 2023.

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.

Finding 2024-003: Childcare Billing and Cash Management Procedures

Criteria: Childcare billing and cash management procedures, including cash receipts and cash disbursements, should be reviewed with appropriate personnel to ensure that the School District's procedures are followed.

Condition: The School District Central Office discovered that childcare personnel failed to timely bill certain participant families and/or the granting agency for childcare services provided during the fiscal year in accordance with the School District's procedures. Additionally, it was discovered that childcare cash receipt and disbursement procedures were not consistently followed in accordance with the School District's procedures.

Context: At least one participating family was not billed for any childcare services provided during the year, and childcare personnel were consistently over 60 days behind in entering childcare attendance information into the Department of Health and Human Services billing system for payment. As a result, at times childcare personnel missed the grant cut-off period for payment of services provided to participating families. Additionally, childcare program personnel did not consistently issue receipts for all cash payments received from participating families, and the childcare program supervisor also distributed childcare cash funds for related childcare expenditures, which was not in accordance with School District procedures.

Effect: Childcare personnel were unable to bill or collect all eligible revenues from participating families and/or granting agency. In addition, the School District was not able to identify or document which participating families were delinquent in payments to the School District. Furthermore, cash disbursements were not supported with proper payee information, so these transactions could not be entered into the accounting records in accordance with the School District's procedures.

Orchard View Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2024-003: Childcare Billing and Cash Management Procedures—Continued

Cause: The School District experienced personnel changes and shortages within key positions in the childcare program during the year, leaving the childcare office understaffed and unable to follow the School District’s procedures for childcare billing and cash management, including cash receipts and cash disbursements.

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

Recommendation: The School District should review its childcare billing and cash management procedures, including cash receipts and cash disbursements, with appropriate childcare program personnel and regularly review compliance with these procedures.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

Post exit conference

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

Kim Bidwell,
Director of Business & Personnel
(231)760-1300

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

October 31, 2024

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, 2023 dated November 1, 2023.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001: MATERIAL WEAKNESS—Account Balance Reconciliations

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.

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.

Current status: The School District is in the process of implementing this recommendation. However, a similar finding was reported during the single audit for the year ended June 30, 2024. See **Finding 2024-001**.

Finding 2023-002: MATERIAL WEAKNESS—Bank Reconciliation Procedures

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.

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

Current status: This recommendation was implemented during the year ended June 30, 2024. No similar finding was reported during the single audit for the year ended June 30, 2024.

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

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

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

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.

Current status: The School District is in the process of implementing this recommendation. However, a similar finding was reported during the single audit for the year ended June 30, 2024. See **Finding 2024-002**.

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

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.

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.

Current status: This recommendation was implemented during the year ended June 30, 2024. No similar finding was reported during the single audit for the year ended June 30, 2024.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

Finding 2023-005: MATERIAL WEAKNESS—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

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

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.

Current status: This recommendation was implemented during the year ended June 30, 2024. No similar finding was reported during the single audit for the year ended June 30, 2024.

Sincerely,



Jim Nielsen
Superintendent



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

Kim Bidwell,
Director of Business & Personnel
(231)760-1300

CORRECTIVE ACTION PLAN

October 31, 2024

Michigan Department of Education
Lansing, Michigan

Orchard View Schools respectfully submits the following Corrective Action Plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

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

Audit period: June 30, 2024

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2024 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2024-001: 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 2024.

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2024-002: 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 2024.

Finding 2024-003: Childcare Billing and Cash Management Procedures

Recommendation: The School District should review its childcare billing and cash management procedures, including cash receipts and cash disbursements, with appropriate childcare program personnel and regularly review compliance with these procedures.

Action Taken: The Superintendent and Director of Finance have met with the affected employees and have reviewed appropriate procedures to ensure that billing and cash management procedures, including cash receipts and cash disbursements, are followed. They are also consistently reviewing continued compliance with such procedures.

Responsible Person and Anticipated Completion Date: Superintendent and Director of Finance, October 2024.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

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

Sincerely,



Jim Nielsen
Superintendent