

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

SINGLE AUDIT

JUNE 30, 2021



Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
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WHITE CLOUD PUBLIC SCHOOLS
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SINGLE AUDIT
YEAR ENDED JUNE 30, 2021

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October 6, 2021

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

To the Board of Education
White Cloud Public Schools
White Cloud, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Cloud Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise White Cloud Public Schools' basic financial statements, and have issued our report thereon dated October 6, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered White Cloud Public 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 White Cloud Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of White Cloud Public 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. Therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002.

COMPLIANCE AND OTHER MATTERS-

As part of obtaining reasonable assurance about whether White Cloud Public 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-003.

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.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.



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October 6, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
White Cloud Public Schools
White Cloud, Michigan

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited White Cloud Public 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 White Cloud Public Schools' major federal programs for the year ended June 30, 2021. White Cloud Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of White Cloud Public 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; 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 White Cloud Public 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 White Cloud Public Schools' compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, White Cloud Public 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, 2021.

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 items 2021-004. Our opinion on each major federal program is not modified with respect to these matters.

White Cloud Public Schools' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. White Cloud Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of White Cloud Public 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 White Cloud Public 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 White Cloud Public 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.

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 White Cloud Public Schools as of and for the year ended June 30, 2021, and the

related notes to the financial statements, which collectively comprise White Cloud Public Schools' basic financial statements. We issued our report thereon dated October 6, 2021, 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 the 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.

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.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (UNEARNED) REVENUE JULY 1, 2020	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (UNEARNED) REVENUE JUNE 30, 2021	CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT
U.S. Department of Education									
Passed Through Michigan Department of Education (M.D.E.)									
Title I, Part A - Improving Basic Programs									
Project No. 201530-1920	84.010A	\$ 338,116	\$ 82,551	\$ 332,551	\$ 0	\$ 0	\$ 82,551	\$ 0	\$ 0
Project No. 211530-2021	84.010A	381,426	0	0	0	345,345	240,000	105,345	0
Total	84.010A	719,542	82,551	332,551	0	345,345	322,551	105,345	0
Title V B Rural and Low Income									
Project No. 200660-1920	84.358B	20,233	982	3,982	0	0	982	0	0
Project No. 210660-2021	84.358B	24,249	0	0	0	9,840	5,000	4,840	0
Total		44,482	982	3,982	0	9,840	5,982	4,840	0
Title II A Improving Teacher Quality									
Project No. 200520-1920	84.367A	78,613	22,356	70,356	0	0	22,356	0	0
Project No. 210520-2021	84.367A	71,372	0	0	0	58,369	40,000	18,369	0
Total		149,985	22,356	70,356	0	58,369	62,356	18,369	0
Title IV A Student Support & Academic Enrichment									
Project No. 200750-1920	84.424A	25,809	1,675	23,675	0	0	1,675	0	0
Project No. 210750-2021	84.424A	26,656	0	0	0	14,930	9,000	5,930	0
Total		52,465	1,675	23,675	0	14,930	10,675	5,930	0
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund									
Project No. 203710-1920 ESSER I	84.425D	275,429	0	0	0	275,429	275,000	429	0
Project No. 213712-2021 ESSER II	84.425D	550,326	0	0	0	238,205	0	238,205	0
COVID-19 Governor's Emergency Education Relief Fund									
Project No. 201200-2021 GEER I	84.425C	76,570	0	0	0	76,569	5,880	70,689	0
Total Education Stabilization Fund		902,325	0	0	0	590,203	280,880	309,323	0
Total Passed Through M.D.E.		1,868,799	107,564	430,564	0	1,018,687	682,444	443,807	0
Passed Through Newaygo County Intermediate School District (I.S.D.)									
Special Education Cluster									
Special Education - Flowthrough - IDEA									
Project No. 200450-1920	84.027A	0	34,298	152,115	0	0	34,298	0	0
Project No. 210450-2021	84.027A	154,523	0	0	0	154,523	130,158	24,365	0
Total Passed Through I.S.D.		154,523	34,298	152,115	0	154,523	164,456	24,365	0
Total U.S. Department of Education		2,023,322	141,862	582,679	0	1,173,210	846,900	468,172	0
U.S. Department of Treasury									
Passed Through Michigan Department of Education (M.D.E.)									
COVID-19 Coronavirus Relief Funds 11p 20-21									
COVID-19 District COVID Costs 103(2) 20-21	21.019	330,880	0	0	0	330,880	330,880	0	0
Total Passed Through Michigan Department of Education	21.019	11,647	0	0	0	11,647	11,647	0	0
COVID-19 District COVID Costs 103(2) 20-21	21.019	342,527	0	0	0	342,527	342,527	0	0
Passed Through MAISA/Copper Country ISD									
COVID-19 Coronavirus Relief Funds- MiConnect Connectivity Funding	21.019	39,410	0	0	0	39,410	39,410	0	0
Total U.S. Department of Treasury		381,937	0	0	0	381,937	381,937	0	0

The accompanying notes are an integral part of this schedule.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (UNEARNED) REVENUE JULY 1, 2020	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (UNEARNED) REVENUE JUNE 30, 2021	CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT
U.S. Department of Agriculture									
Non-Cash Assistance (Commodities):									
National School Lunch									
Entitlement Commodities	10.555	31,932	0	0	0	31,932	31,932	0	0
Cash Assistance:									
National School Lunch									
COVID-19 SFSP (Unanticipated Grant Payments) - 200902, 201960 & 211960	10.555	304,280	23,695	0	0	304,280	327,975	0	0
National School Lunch - Breakfast Breakfast - 201970 and 211970	10.553	142,296	0	0	0	142,296	142,296	0	0
Summer Food Service Program 200900	10.559	24,321	0	0	0	24,321	24,321	0	0
Total Cash Assistance		470,897	23,695	0	0	470,897	494,592	0	0
Total Child Nutrition Cluster		502,829	23,695	0	0	502,829	526,524	0	0
Total Passed Through M.D.E.		502,829	23,695	0	0	502,829	526,524	0	0
Passed Through Newaygo County									
Forest Service Schools and Roads Cluster									
Schools and Roads									
National Forest Land	10.665	64,786	0	0	0	64,786	64,786	0	0
Total U.S. Department of Agriculture		567,615	23,695	0	0	567,615	591,310	0	0
Total Federal Financial Assistance		\$ 2,972,874	\$ 165,557	\$ 582,679	\$ 0	\$ 2,122,762	\$ 1,820,147	\$ 468,172	\$ 0
						(D)	(E)		

The accompanying notes are an integral part of this schedule.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(A) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) includes the federal grant activity of White Cloud Public Schools under programs of the federal government for the year ended June 30, 2021. 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* (“the Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of White Cloud Public Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of White Cloud Public Schools.

(B) Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described in footnote (1) to the June 30, 2021, basic financial statements. White Cloud Public Schools has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(C) Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal awards.

(D) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Federal Sources - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 2,122,762</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 2,122,762</u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(E) Reconciliation of Grant Auditor Report with Schedule of Expenditures of Federal Awards

Current Cash Payments per Cash Management System (CMS)		\$ 1,177,037
Add Items Not on CMS Report:		
Amounts Received Through Intermediate School District		
Special Education IDEA	\$ 164,456	
Amounts Received Through Michigan Department of Education	342,527	
Amounts Received Through MAISA/Copper Country ISD	39,410	
Amounts Received as Payments in Kind		
Food Distribution Program		
Entitlement Commodities	31,932	
Amounts Received Through Newaygo County Schools and Roads - National Forest Land	<u>64,786</u>	643,111
Rounding		<u>(1)</u>
		<u><u>\$ 1,820,147</u></u>

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Financial Statement Findings

None Reported

Federal Award Findings and Questioned Costs

None Reported

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal Control over financial reporting:

Material weakness(es) identified: X Yes No

Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified: Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?

 Yes X No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, & 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee under 2 CFR section 200.520?

 X Yes No

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Findings

2021-001 Segregation of Incompatible Duties and Documented Independent Review

Type: Material Weakness

Criteria: Management is responsible for establishing and maintaining internal controls in order to safeguard the assets of the District. A key element of internal control is the segregation of incompatible duties.

Condition: The District has several accounting functions that are performed by the same individual.

Cause: This condition is primarily the result of a staff person leaving the business office and not being able to be replaced timely.

Effect: As a result of this condition, the District is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected by management on a timely basis.

Recommendation: We recommend the District evaluate the need for additional business office staffing to mitigate this risk. We also encourage the District to mitigate this risk by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials: The District recognizes that this limitation is a natural outgrowth of the small number of full-time staff, and applies its judgment in determining how best to allocate the District's resources to provide an appropriate balance between sound internal controls and fiscal prudence. The District will evaluate its internal control structure based on current staffing and determine what additional steps are needed in order to correct this.

2021-002 Auditor Identified Material Adjusting Journal Entries

Type: Material Weakness

Criteria: The District is responsible for making adjusting journal entries as needed.

Condition: During our audit, we identified and proposed several material adjustments (which were approved and posted by management) to adjust the District's general ledger to the appropriate balances.

Cause: Many balance sheet accounts were not reconciled at the end of the year.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Findings

Effect: Auditors were relied upon, which was not identified as needing to be done in the risk assessment, to make material journal entries in order to properly reflect year end balances.

Recommendation: We recommend that the District implement procedures to ensure that all balance sheet accounts are reconciled on a monthly basis in order to ensure accurate financial records.

View of Responsible Officials: The District now has an accounting system that has balances that agree to the audited financial statements and a better understanding of the requirements and responsibility for making material adjustments on their own accord.

2021-003 Unfavorable Budget Variance

Type: Material Noncompliance

Criteria: Michigan Public Act 621 of 1978, as amended, provides that the District adopt formal budgets for all applicable funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures. The Act also prohibits the District from appropriating more funds for expenditure than is available through current revenue sources and any accrued surplus or deficit from previous years.

Condition and Context: The District had adopted budget items that were exceeded by actual expenditures by a material amount.

Cause: The condition was caused by the District ineffectively monitoring the adopted budget against actual expenditures.

Effect: The District was not in compliance with the budgeting act.

Recommendation: The District should continue to monitor expenditures against adopted budgets to make appropriate amendments as needed.

View of Responsible Officials: The District should continue to monitor expenditures against adopted budgets to make appropriate amendments as needed.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section III - Federal Award Findings and Questioned Costs

2021-004 U.S. DEPARTMENT OF AGRICULTURE

Program Title: Child Nutrition Cluster

CFDA Number(s): 10.553, 10.555, & 10.559

Federal Award Number: 200902, 201960, 201922, 201970, 211970, & 200900

Federal Award Year: July 1, 2020 to June 30, 2021

Pass-Through Entity: Passed-Through Michigan Department of Education

Type of Compliance: Immaterial Noncompliance (Special Test & Provisions)

Criteria: The USDA requires that the ending balance of the non-profit school food service fund does not exceed three months' average of operating expenses [7 CFR Part 210.14(b)].

Condition: As of June 30, 2021, the District's fund balance exceeded three months' average of operating expenses.

Cause: This condition appears to be the result of additional revenues received from the summer food service program.

Effect: As a result of this condition, the District did not fully comply with USDA fund balance requirements.

Questioned Costs: None

Perspective Information: The District's fund equity of \$214,415 at fiscal year-end exceeded the allowable three months of expenditures threshold by \$10,715.

Recommendations: We recommend the District closely monitor its budget for the year ended June 30, 2022, to ensure that fund balance is reduced to an appropriate level.

Views of Responsible Officials: The Food Service Director is developing a spend down plan which includes purchasing equipment and various renovations. The District expects these updates to reduce the fund balance within the food service fund to an appropriate level for the year ending June 30, 2022.



White Cloud Public Schools

Building a Tradition of Excellence

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Corrective Action Plan

2021-001

We realize the need for an additional person and/or a change in duties within the business office and have since hired an additional person. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control. The District will explore ways to spread some of the day-to-day accounting responsibilities in the most beneficial manner. The District and Superintendent will continue to monitor the situation and explore cost effective ways to improve this internal control limitation. The person responsible for the corrective action is Ed Canning, the superintendent. The anticipated completion date of the corrective action plan is immediate. The plan for monitoring adherence is the Board will receive feedback and evaluate the adequacy of the changes.

2021-002

The District will consult outside sources as needed throughout the year which they feel will eliminate auditor proposed material journal entries. The person responsible for the corrective action is Ed Canning, the superintendent. The anticipated completion date of the corrective action plan is immediate. The plan for monitoring adherence is for the superintendent to monitor the monthly close out procedures performed by the business manager each month.

2021-003

This finding is the result of the District ineffectively monitoring the budget during the year. The District is aware of the situation and will continue to monitor the budget more closely to guarantee this does not happen again. The person responsible for the corrective action is Gail Enders, the business manager. The anticipated completion date of the corrective action plan is immediate. The plan for monitoring adherence is the Board will start to monitor the budget more closely.

2021-004

This finding is caused by the District's Food Service Fund's fund balance exceeding the USDA's threshold of 3 months average expenditures. The District is fully aware of this situation. The Food Service Director and Business Manager are developing a spend down plan which includes purchasing equipment and various renovations. The District expects these updates to reduce the fund balance within the food service fund to an appropriate level for the year ending June 30, 2022. The persons responsible for the corrective action are John Rosenberg, the food service director and Gail Enders, the business manager. The anticipated completion date of the corrective action plan is before the end of the 2022 fiscal year. The plan for monitoring adherence is the food service director and business manager will work together to assess where the fund balance is after all of the projects from the spend down plan are completed.

