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# Kalamazoo Public Schools

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**Federal Awards Supplemental Information**  
**June 30, 2022**

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

**Independent Auditor's Report**

To the Board of Education  
Kalamazoo Public Schools

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Kalamazoo Public Schools (the "School District") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 4, 2022, which contained an unmodified opinion 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. We have not performed any procedures with respect to the audited financial statements subsequent to October 4, 2022.

The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis, as required by the Uniform Guidance, and are 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 basic 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 and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

October 4, 2022

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*

**Independent Auditor's Report**

To Management and the Board of Education  
Kalamazoo Public Schools

We have audited, in accordance with 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 basic financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Kalamazoo Public Schools (the "School District") as of and for the year ended June 30, 2022 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 4, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as Findings 2022-001 and 2022-002, that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's 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*.

**The School District's Responses to the Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

To Management and the Board of Education  
Kalamazoo Public Schools

**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 School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moreau, PLLC*

October 4, 2022

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required  
by the Uniform Guidance

**Independent Auditor's Report**

To the Board of Education  
Kalamazoo Public Schools

***Report on Compliance for Each Major Federal Program***

**Opinion on Each Major Federal Program**

We have audited Kalamazoo Public Schools' (the "School District") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the School District's major federal programs for the year ended June 30, 2022. The School District's 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, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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* (the "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 the School District 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 the School District's 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 the School District's federal programs.

To the Board of Education  
Kalamazoo Public Schools

### ***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 the School District's 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 the School District's 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 the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's 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 the School District's 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.

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.

To the Board of Education  
Kalamazoo Public Schools

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.

*Plante & Moran, PLLC*

October 4, 2022



# Kalamazoo Public Schools

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	ALN	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities):										
National Lunch Program Entitlement Commodities 2021-22	N/A	10.555	\$ 466,390	\$ -	\$ -	\$ -	\$ 466,390	\$ 466,390	\$ -	\$ -
National Lunch Program Bonus Commodities 2021-22	N/A	10.555	-	-	-	-	-	-	-	-
Total 2021-22 Entitlement commodities			466,390	-	-	-	466,390	466,390	-	-
Cash Assistance:										
Seamless Summer Option (SSO) - Lunch	211961	10.555	684,799	-	-	-	684,799	684,799	-	-
Seamless Summer Option (SSO) - Lunch	221961	10.555	4,933,002	-	-	-	4,726,859	4,933,002	206,143	-
NSLP-After School Snack Program 20-21	211980	10.555	37	-	-	-	37	37	-	-
NSLP-After School Snack Program 21-22	221980	10.555	440	-	-	-	428	440	12	-
Supply Chain Assistance Funds	220910	10.555	237,798	-	-	-	237,798	237,798	-	-
Total National School Lunch Program (incl. commodities)			6,322,466	-	-	-	6,116,311	6,322,466	206,155	-
Fresh Fruit and Vegetable Program - Fresh Fruit and Vegetable:										
Program 2022-01	220950	10.582	211,527	-	-	-	211,527	211,527	-	-
Summer Food Service Program for Children 2020-2021 Extended	210904	10.559	1,073,784	661,426	244,631	-	656,989	412,358	-	-
Summer Food Service Program for Children 2021-2022 Extended	220904	10.559	44,275	-	-	-	-	44,275	44,275	-
Total Summer Food Service Program			1,118,059	661,426	244,631	-	656,989	456,633	44,275	-
Seamless Summer Option - Breakfast 2020-2021	211971	10.553	289,472	-	-	-	289,472	289,472	-	-
Seamless Summer Option - Breakfast 2021-2022	221971	10.553	2,175,887	-	-	-	2,063,429	2,175,887	112,458	-
Total National School Breakfast Program			2,465,359	-	-	-	2,352,901	2,465,359	112,458	-
Total Child Nutrition Cluster			10,117,411	661,426	244,631	-	9,337,728	9,455,985	362,888	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Kalamazoo Regional Education Service:										
Agency - Medicaid Outreach - 2020-21	N/A	93.778	24,576	24,576	17,206	-	17,206	-	-	-
Agency - Medicaid Outreach - 2021-22	N/A	93.778	32,795	-	-	-	32,795	32,795	-	-
Total Medicaid Cluster			57,371	24,576	17,206	-	50,001	32,795	-	-
Total clusters			10,174,782	686,002	261,837	-	9,387,729	9,488,780	362,888	-

# Kalamazoo Public Schools

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	ALN	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipients
Other federal awards:										
U.S. Department of Agriculture - Passed through the Michigan Department of Education - COVID-19 Pandemic EBT Local Level Costs	210980	10.649	\$ 5,814	\$ -	\$ -	\$ -	\$ 5,814	\$ 5,814	\$ -	\$ -
U.S. Department of Education:										
Passed through Western Michigan University: Urban Teacher Residency Program 2122	N/A	84.336S	129,388	-	-	-	77,296	105,317	28,021	-
HIL Project - 2020-21	N/A	84.423	9,600	9,600	9,600	-	9,600	-	-	-
HIL Project - 2021-22	N/A	84.423	1,200	-	-	-	1,200	30	(1,170)	-
Total HIL Project			10,800	9,600	9,600	-	10,800	30	(1,170)	-
Title I RAG - Passed through the Kalamazoo Regional Educational Service Agency:										
Title I RAG - 2020-21	N/A	84.010A	51,192	7,096	-	-	-	-	-	-
Title I RAG - 2021-22	N/A	84.010A	51,882	-	-	-	17,933	20,716	2,783	-
Total Title I RAG			103,074	7,096	-	-	17,933	20,716	2,783	-
Passed through the Michigan Department of Education:										
Title I - Part A:										
Title I Part A 2021	211530	84.010A	5,736,865	3,946,304	383,603	-	774,676	391,073	-	-
Title I Part A 2122	221530	84.010A	5,940,295	-	-	-	3,669,508	4,587,588	918,080	-
Total Title I - Part A (MDE)			11,677,160	3,946,304	383,603	-	4,444,184	4,978,661	918,080	-
Total Title I - Part A and Title I RAG			11,780,234	3,953,400	383,603	-	4,462,117	4,999,377	920,863	-
Title I - Part D:										
Title I - Part D 2021	211700	84.013A	445,982	150,316	27,467	-	95,918	68,451	-	-
Title I - Part D 2122	221700	84.013A	530,852	-	-	-	55,294	83,909	28,615	-
Total Title I - Part D			976,834	150,316	27,467	-	151,212	152,360	28,615	-
Title III - Immigrant -										
Title III Immigrant Students 2021	210570	84.365A	58,493	-	-	-	20,671	20,671	-	-
Title III - Limited English Proficient:										
Title III Limited English Proficient 2021	210580	84.365A	222,413	5,180	5,180	-	51,440	46,260	-	-
Title III Limited English Proficient 2122	220580	84.365A	223,935	-	-	-	42,418	70,513	28,095	-
Total Title III - Limited English Proficient			446,348	5,180	5,180	-	93,858	116,773	28,095	-
Total Title III			504,841	5,180	5,180	-	114,529	137,444	28,095	-
School Improvement Grants -										
Formula School Improvement 20-21	171762	84.377A	647,074	615,345	89,635	-	121,364	31,729	-	-

# Kalamazoo Public Schools

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	ALN	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipients
Other federal awards (continued):										
U.S. Department of Education (continued) -										
Passed through the Michigan Department of Education (continued):										
21st Century Community Learning Centers:										
21st Century Community Learning Centers L194192	212110	84.287C	\$ 675,000	\$ 546,269	\$ 63,440	\$ -	\$ 63,440	\$ -	\$ -	\$ -
21st Century Community Learning Centers L194275	212110	84.287C	675,000	497,482	56,595	-	56,595	-	-	-
21st Century Community Learning Centers L194276	212110	84.287C	675,000	523,415	77,538	-	77,538	-	-	-
21st Century Community Learning Centers L194192	222110	84.287C	675,000	-	-	-	403,164	618,559	215,395	-
21st Century Community Learning Centers L194275	222110	84.287C	675,000	-	-	-	418,872	627,751	208,879	-
21st Century Community Learning Centers L194276	222110	84.287C	675,000	-	-	-	425,682	662,325	236,643	-
Total 21st Century Community Learning Centers			4,050,000	1,567,166	197,573	-	1,445,291	1,908,635	660,917	-
Adult Education - WIA Core Programs:										
Adult Ed WIA Core 211927	211130	84.002A	191,100	186,257	7,087	-	7,087	-	-	-
Adult Ed WIA Core 221927	221190	84.002A	8,119	-	-	-	-	8,119	8,119	-
Adult Ed WIA Core 221927	221130	84.002A	194,052	-	-	-	151,274	192,463	41,189	-
Total Adult Education - WIA Core Programs			393,271	186,257	7,087	-	158,361	200,582	49,308	-
Adult Ed - English Literacy and Civics Education Grant:										
Adult Ed - English Literacy and Civic Education 215927	211120	84.002A	70,800	61,077	2,368	-	2,368	-	-	-
Adult Ed - English Literacy and Civic Education 225927	221120	84.002A	71,543	-	-	-	58,918	71,543	12,625	-
Total Adult Education - English Literacy and Civics			142,343	61,077	2,368	-	61,286	71,543	12,625	-
Total Adult Education			535,614	247,334	9,455	-	219,647	272,125	61,933	-
Improving Teacher Quality Grant - Title II - Part A:										
Title II Part A 2021	210520	84.367A	1,051,981	514,332	36,582	-	51,797	15,215	-	-
Future Proud Michigan Educator 2021	210534	84.367A	50,000	-	-	-	46,056	46,056	-	-
Title II Part A 2122	220520	84.367A	1,125,796	-	-	-	520,902	584,402	63,500	-
Total Improving Teacher Quality Grant - Title II - Part A			2,227,777	514,332	36,582	-	618,755	645,673	63,500	-
McKinney Homeless Students' Assistance:										
McKinney Homeless Students' Assistance 2021	212320	84.196A	141,852	47,475	3,512	-	11,389	7,877	-	-
McKinney Homeless Students' Assistance 2122	222320	84.196A	180,553	-	-	-	58,486	71,821	13,335	-
Total McKinney Homeless Students' Assistance			322,405	47,475	3,512	-	69,875	79,698	13,335	-
Title IV Part A Student Achievement Support & Academic Enrich:										
Title IV Part A 2021	210750	84.424A	701,821	362,210	77,630	-	90,140	12,510	-	-
Title IV Part A 2122	220750	84.424A	676,974	-	-	-	240,468	307,530	67,062	-
Total Title IV Part A Student Achievement Support & Academic Enrich			1,378,795	362,210	77,630	-	330,608	320,040	67,062	-

# Kalamazoo Public Schools

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	ALN	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipients
Other federal awards (continued):										
U.S. Department of Education (continued) -										
Passed through the Michigan Department of Education (continued):										
Education Stabilization Fund (ESF):										
COVID-19 GEER Funds K-12	201200/201201	84.425C	\$ 1,006,410	\$ 442,463	\$ 223,925	\$ -	\$ 783,992	\$ 562,441	\$ 2,374	\$ -
COVID-19 GEER Funds K12 - Sec 23c	211202	84.425C	288,750	-	-	-	276,250	276,250	-	-
COVID-19 ESSER Funds - Formula	203710/203711	84.425D	3,983,674	656,406	464,367	-	3,768,700	3,315,809	11,476	-
COVID-19 ESSER Funds - Equity	203720	84.425D	717,061	593,009	585	-	122,773	122,998	810	-
COVID-19 ESSER II Funds - Formula	213712	84.425D	15,841,736	-	-	-	3,853,129	4,949,355	1,096,226	-
COVID-19 ESSER II Funds - Sec 23b Summer Programming	213722	84.425D	1,358,500	-	-	-	1,358,500	1,358,500	-	-
COVID-19 ESSER II Funds - Sec 23b Credit Recovery	213742	84.425D	233,750	-	-	-	233,750	233,750	-	-
COVID-19 ESSER II Funds - Sec 23b Before & After School Progr	213752	84.425D	25,000	-	-	-	-	25,000	25,000	-
COVID-19 ESSER Benchmark Assessment Funding	213762	84.425D	105,662	-	-	-	-	105,662	105,662	-
COVID-19 ARP ESSER III Formula	213713	84.425U	35,803,589	-	-	-	1,747,600	2,134,780	387,180	-
Total ESF passed through the Michigan Department of Education			59,164,132	1,691,878	688,877	-	12,144,694	13,084,545	1,628,728	-
Passed through the Department of Labor & Economic Opportunity -										
Workforce Development -										
COVID-19 Future for Frontliners Program Grant - GEER	N/A	84.425C	25,000	-	-	-	2,104	4,889	2,785	-
Total Education Stabilization Fund			59,189,132	1,691,878	688,877	-	12,146,798	13,089,434	1,631,513	-
Total U.S. Department of Education			81,758,708	9,164,236	1,529,114	-	19,774,106	21,747,676	3,502,684	-
U.S. Department of Agriculture -										
Passed through Michigan Department of Education -										
Child Care Food Program:										
Child Care Food Program	211920	10.558	187,035	148,524	9,119	-	47,630	38,511	-	-
Child Care Food Program	221920	10.558	459,983	-	-	-	444,476	459,983	15,507	-
Child Care Food Program	212010	10.558	8,397	6,690	377	-	2,084	1,707	-	-
Child Care Food Program	222010	10.558	24,264	627	-	-	22,900	23,637	737	-
Child Care Food Program	211925	10.558	114,627	114,627	114,627	-	114,627	-	-	-
Total Child Care Food Program			794,306	270,468	124,123	-	631,717	523,838	16,244	-
U.S. Department of the Treasury -										
Emergency Connectivity Fund-										
Passed through Universal Service Administrative Company -										
COVID-19 Emergency Connectivity Fund	N/A	32.009	345,000	-	-	-	-	309,000	309,000	-
Total federal financial assistance			\$ 93,072,796	\$ 10,120,706	\$ 1,915,074	\$ -	\$ 29,793,552	\$ 32,069,294	\$ 4,190,816	\$ -

**Kalamazoo Public Schools**

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**Reconciliation of Basic Financial Statements Federal Revenue  
with Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2022**

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 32,614,824
Federal revenue for which the School District is considered a vendor rather than a subrecipient	(185,992)
Federal subsidy interest related to qualified zone academy/school construction bonds	<u>(359,538)</u>
Federal expenditures per the schedule of expenditures of federal awards	<b><u>\$ 32,069,294</u></b>

**Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2022**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Kalamazoo Public Schools (the "School District") under programs of the federal government for the year ended June 30, 2022. The information in the 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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as outlined in the Compliance Supplement. 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 pass-through entity identifying numbers are presented where available.

The School District has not elected to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

**Note 3 - Grant Auditor Report**

Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards. Differences, if any, between the GAR and the schedule of expenditures of federal awards relate to the timing of payments and the fiscal year to which the payments relate.

**Note 4 - Noncash Assistance**

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is reported on the schedule of expenditures of federal awards.

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## Schedule of Findings and Questioned Costs

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**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2022**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   None reported

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?        Yes   X   No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.010A	Title I, Part A	Unmodified
84.425C 84.425D 84.425U	Education Stabilization Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$962,079

Auditee qualified as low-risk auditee?   X   Yes        No



Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings

Reference Number	Finding
2022-001	<p data-bbox="362 531 769 556"><b>Finding Type</b> - Material weakness</p> <p data-bbox="362 583 1482 667"><b>Criteria</b> - Preparation of the bank reconciliation is an integral component of the School District's internal control structure. Bank reconciliations should be prepared accurately on a monthly basis in compliance with U.S. GAAP.</p> <p data-bbox="362 695 1482 810"><b>Condition</b> - Errors were identified during the audit as a result of audit procedures related to inaccurate bank reconciliation of the primary bank account. As a result, the federal funds received and accrued revenue columns of the SEFA were incorrectly presented. Adjustments required to correct these errors were recorded by management.</p> <p data-bbox="362 837 1482 953"><b>Context</b> - The errors in the bank reconciliation of the primary account led to an overstatement of cash in the amount of \$1,741,644 and an understatement of due from other governments. On the SEFA, federal funds received were overstated in the amount of \$1,741,644 and accrued revenue understated in the same amount.</p> <p data-bbox="362 980 1482 1033"><b>Cause</b> - The School District did not have sufficient procedures and policies in place to properly and accurately reconcile the ending cash balance for the primary bank account.</p> <p data-bbox="362 1060 1482 1144"><b>Effect</b> - The June 30, 2022 cash balance was overstated and caused the due from other governments balance to be understated. All amounts were corrected by management during the audit process.</p> <p data-bbox="362 1171 1482 1287"><b>Recommendation</b> - We recommend that the finance office review the bank reconciliation process to ensure accurate preparation of bank reconciliations are in compliance with U.S. GAAP accounting, as well as verification of the validity of the reconciling items and the identification and proper resolution of all outstanding items.</p> <p data-bbox="362 1314 1482 1545"><b>Views of Responsible Officials and Planned Corrective Actions</b> - This finding is related to two separate federal program cash disbursements from MDE that were requested in June, disbursed by MDE in June, and not received by our central depository until July. Both of these cash disbursements were listed as June disbursements on MDE's Grant Section Auditors report. This report is used to complete the SEFA. As it has always been our understanding to agree the cash disbursements on the Grant Section Auditors report to the SEFA, these transactions were included as cash received on the SEFA and deposits in transit on the bank reconciliation. This reflects how similar transactions were recorded in prior years.</p> <p data-bbox="362 1572 1482 1749">However, we realize that these transactions would be more accurately recorded as a receivable (due from other governments) rather than as reconciling cash items. We have made these corrections for the June 30, 2022 financial statements and will continue to record any similar transactions as a receivable going forward. The director of finance will continue to review both the reconciliation of cash and preparation of the SEFA to ensure that grant payments are properly recorded.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-002	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - The School District's internal control structure should ensure that accounting data is properly calculated and reported in accordance with generally accepted accounting principles.</p> <p><b>Condition</b> - Five invoice errors were identified during the audit, either by management (three invoices) or as a result of audit procedures (two invoices), related to accounts payable and capital outlay expenditure balances at June 30, 2022. Adjustments required to correct these errors were recorded by management. In addition, it was identified that one out of six expense reimbursements tested were paid without the appropriate approval.</p> <p><b>Context</b> - The School District understated accounts payable and capital outlay expenditure by \$940,081. While the expense reimbursement without proper approval was not inappropriate, the internal control process was not appropriately followed.</p> <p><b>Cause</b> - Proper cutoff procedures were not in place at year end and subsequent to year end to ensure that items were recorded in the proper fiscal period. Invoices were identified to be improperly included in accounts payable and improperly excluded from accounts payable. Appropriate individuals did not review expense reimbursements and controls within accounts payable did not properly identify that appropriate approval was missing.</p> <p><b>Effect</b> - General ledger balances were misstated at June 30, 2022, and expenditures were not recorded in the proper period. All amounts were corrected by management during the audit process.</p> <p><b>Recommendation</b> - We recommend that the School District implement proper cutoff procedures, controls, and reconciliations, to ensure that all expenditures are recorded in the proper fiscal year. In addition, we recommend the School District review the expense reimbursement approval controls and verify the appropriate individuals are reviewing the reimbursements for payment.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - It is of the utmost importance that our financial statements accurately reflect the financial transactions of the fiscal year. In addition to the control procedures already in place, additional review procedures will be added at year end to ensure invoices are recorded in the proper period. The director of finance and assistant superintendent of operations will review staff responsibilities to ensure that staff training and skill sets match the duties of the position. Additionally, a consultant has been engaged to analyze the business office structure. The School District will implement recommendations from the consultant in the coming months.</p> <p>Related to the expense reimbursement without proper approval, proper authorization procedures will be reinforced with business office staff and administrators. The proper internal control was in place and nothing improper occurred, but retraining of staff will take place so that the internal control is consistently followed.</p>

Section III - Federal Program Audit Findings

None