

# **Hanover-Horton School District**

Single Audit Report

Year Ended June 30, 2022

## Contents

	<u>Page</u>
<b>Independent Auditors' Report .....</b>	<b>1 - 2</b>
<b>Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....</b>	<b>3 - 5</b>
Schedule of Expenditures of Federal Awards.....	6 - 7
Schedule of Reconciliation of Revenues with Schedule of Expenditures of Federal Awards.....	8
Notes to Schedule of Expenditures of Federal Awards .....	9
Schedule of Findings and Questioned Costs.....	10
Comments on Resolution of Findings from June 30, 2021.....	11



**Independent Auditors' Report**

Board of Education  
Hanover-Horton School District  
Hanover, Michigan

**Report on the Audit of the Schedule of Expenditures of Federal Awards**

***Opinion***

We have audited the accompanying schedule of expenditures of federal awards (“the Schedule”) of Hanover-Horton School District for the year ended June 30, 2022, and the related notes. In our opinion, the accompanying Schedule presents fairly, in all material respects, the federal expenditures of Hanover-Horton School District for the year ended June 30, 2022, in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 are further described in the Auditors' Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards section of our report. We are required to be independent of Hanover-Horton School District and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

***Responsibilities of Management for the Schedule of Expenditures of Federal Awards***

Management is responsible for the preparation and fair presentation of the Schedule in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

***Auditors' Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards***

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

Board of Education  
Hanover-Horton School District  
Hanover, Michigan

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, 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 amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hanover-Horton School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Restriction on Use***

Our report is intended solely for the information and use of Hanover-Horton School District and its oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.

September 30, 2022



**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education  
Hanover-Horton School District  
Horton, Michigan

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

***Opinion on Each Major Federal Program***

We have audited Hanover-Horton School District's 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 Hanover-Horton School District's major federal programs for the year ended June 30, 2022. Hanover-Horton School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hanover-Horton School District 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, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under these standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hanover-Horton 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 Hanover-Horton 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 Hanover-Horton School District's federal programs.

Board of Education  
Hanover-Horton School District  
Horton, Michigan

### ***Auditors' 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 Hanover-Horton 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 generally accepted auditing standards, *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 Hanover-Horton School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Hanover-Horton 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 Hanover-Horton 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 Hanover-Horton 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.

Board of Education  
Hanover-Horton School District  
Jackson, Michigan

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.

September 30, 2022

**Hanover-Horton School District**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal ALN</u>	<u>Pass-through Grantor's Number</u>	<u>Award/Grant Entitlement Program Amount</u>	<u>Accrued (Unearned) Revenue 7/1/2021</u>	<u>Prior Year Expenditures (Memorandum Only)</u>	<u>Prior Year Adjustments</u>	<u>Current Year Receipts</u>	<u>Current Year Expenditures</u>	<u>Accrued (Unearned) Revenue 6/30/2022</u>
<b><u>U.S. Department of Agriculture</u></b>									
Passed through Michigan Department of Education:									
Child Nutrition Cluster:									
Non-cash Assistance (Commodities):									
National School Lunch Program - Regular	10.555		\$ 52,637	\$ -	\$ -	\$ -	\$ 52,637	\$ 52,637	\$ -
National School Lunch Program - Non-PAL	10.555		2,562	-	-	-	2,562	2,562	-
			<u>55,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,199</u>	<u>55,199</u>	<u>-</u>
Cash Assistance:									
COVID-19 National School Lunch Program	10.555	211961	62,470	-	-	-	62,470	62,470	-
COVID-19 National School Lunch Program	10.555	211965	35,286	-	-	-	35,286	35,286	-
COVID-19 National School Lunch Program	10.555	220910	23,382	-	-	-	23,382	10,568	(12,814)
COVID-19 National School Lunch Program	10.555	221961	421,179	-	-	-	421,179	421,179	-
			<u>542,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542,317</u>	<u>529,503</u>	<u>(12,814)</u>
Total National School Lunch Program			<u>597,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,516</u>	<u>584,702</u>	<u>(12,814)</u>
COVID-19 School Breakfast Program	10.553	211971	14,068	-	-	-	14,068	14,068	-
COVID-19 School Breakfast Program	10.553	221971	115,852	-	-	-	115,852	115,852	-
			<u>129,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,920</u>	<u>129,920</u>	<u>-</u>
COVID-19 Summer Food Service Program	10.559	210901	487,075	22,689	509,764	-	22,689	-	-
			<u>487,075</u>	<u>22,689</u>	<u>509,764</u>	<u>-</u>	<u>22,689</u>	<u>-</u>	<u>-</u>
Total Cash Assistance			<u>1,159,312</u>	<u>22,689</u>	<u>509,764</u>	<u>-</u>	<u>694,926</u>	<u>659,423</u>	<u>(12,814)</u>
Total Child Nutrition Cluster			<u>1,214,511</u>	<u>22,689</u>	<u>509,764</u>	<u>-</u>	<u>750,125</u>	<u>714,622</u>	<u>(12,814)</u>
COVID-19 Pandemic EBT Local Level Costs	10.649	210980	614	-	-	-	614	614	-
Total U.S. Department of Agriculture			<u>1,215,125</u>	<u>22,689</u>	<u>509,764</u>	<u>-</u>	<u>750,739</u>	<u>715,236</u>	<u>(12,814)</u>
<b><u>U.S. Department of Education:</u></b>									
Passed through Michigan Department of Education:									
Title I Grants to Local Educational Agencies	84.010	211530-2021	94,508	26,911	85,681	934	27,845	-	-
Title I Grants to Local Educational Agencies	84.010	221530-2122	101,392	-	-	-	64,134	78,055	13,921
			<u>195,900</u>	<u>26,911</u>	<u>85,681</u>	<u>934</u>	<u>91,979</u>	<u>78,055</u>	<u>13,921</u>
Supporting Effective Instruction State Grants	84.367	211520-2021	39,361	4,835	11,713	(1,211)	3,624	-	-
Supporting Effective Instruction State Grants	84.367	221520-2122	51,118	-	-	-	13,749	17,702	3,953
			<u>90,479</u>	<u>4,835</u>	<u>11,713</u>	<u>(1,211)</u>	<u>17,373</u>	<u>17,702</u>	<u>3,953</u>



**Hanover-Horton School District**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal ALN</u>	<u>Pass-through Grantor's Number</u>	<u>Award/Grant Entitlement Program Amount</u>	<u>Accrued (Unearned) Revenue 7/1/2021</u>	<u>Prior Year Expenditures (Memorandum Only)</u>	<u>Prior Year Adjustments</u>	<u>Current Year Receipts</u>	<u>Current Year Expenditures</u>	<u>Accrued (Unearned) Revenue 6/30/2022</u>
<b><u>U.S. Department of Education (Continued):</u></b>									
Passed through Michigan Department of Education (Continued):									
Student Support and Academic Enrichment	84.424A	210750-2021	10,000	9,222	9,222	-	9,222	-	-
Student Support and Academic Enrichment	84.424A	220750-2122	<u>10,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,075</u>	<u>10,777</u>	<u>3,702</u>
			<u>20,777</u>	<u>9,222</u>	<u>9,222</u>	<u>-</u>	<u>16,297</u>	<u>10,777</u>	<u>3,702</u>
Education Stabilization Fund:									
COVID-19 Governor's Emergency Education Relief Fund (ESSER III Equalization Funds)	84.425U	213723-2122	489,732	-	-	-	-	5,956	5,956
COVID-19 Governor's Emergency Education Relief Fund (GEER II - Teacher & Support Staff Pymts)	84.425C	211202-2122	6,500	-	-	-	6,500	6,500	-
COVID-19 Governor's Emergency Education Relief Fund (ESSER II - Summer Program K-8)	84.425D	213722-2122	33,000	-	-	-	19,460	33,000	13,540
COVID-19 Governor's Emergency Education Relief Fund (ESSER II - Credit Recovery 9-12)	84.425D	213742-2122	15,950	-	-	-	7,525	9,875	2,350
COVID-19 Governor's Emergency Education Relief Fund (ESSER II - Before and After School K-12)	84.425D	213752-2122	25,000	-	-	-	1,663	4,875	3,212
COVID-19 Governor's Emergency Education Relief Fund (ESSER II - Benchmark)	84.425D	213762-2022	9,213	-	-	-	2,989	9,213	6,224
COVID-19 Governor's Emergency Education Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	326,919	10,253	10,253	-	287,847	294,311	16,717
COVID-19 Governor's Emergency Education Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	<u>734,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,891</u>	<u>97,891</u>
			<u>1,641,048</u>	<u>10,253</u>	<u>10,253</u>	<u>-</u>	<u>325,984</u>	<u>461,621</u>	<u>145,890</u>
Total passed through Michigan Department of Education			<u>1,948,204</u>	<u>51,221</u>	<u>116,869</u>	<u>(277)</u>	<u>451,633</u>	<u>568,155</u>	<u>167,466</u>
Passed through Jackson County ISD:									
Homeless Students Assistance Grant	84.196	2021-2022	<u>816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>816</u>	<u>816</u>	<u>-</u>
Total U.S. Department of Education			<u>1,949,020</u>	<u>51,221</u>	<u>116,869</u>	<u>(277)</u>	<u>452,449</u>	<u>568,971</u>	<u>167,466</u>
<b><u>U.S. Department of Health and Human Services:</u></b>									
Passed through Jackson County ISD:									
Medicaid Outreach	93.778	2020-2021	<u>3,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,516</u>	<u>3,516</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>3,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,516</u>	<u>3,516</u>	<u>-</u>
			<u>\$ 3,167,661</u>	<u>\$ 73,910</u>	<u>\$ 626,633</u>	<u>\$ (277)</u>	<u>\$ 1,206,704</u>	<u>\$ 1,287,723</u>	<u>\$ 154,652</u>

**Hanover-Horton School District**  
Schedule of Reconciliation of Revenues with  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

	<b><u>Amount</u></b>
Revenue from federal sources - per financial statements (includes all funds)	\$ <u>1,287,723</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u>1,287,723</u>

**Hanover-Horton School District**  
Notes to Schedule of Expenditures of Federal Awards

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Hanover-Horton School District (the "District") under programs of the federal government for the year ended June 30, 2022. 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 District, it is not intended to and does not present the financial position or changes in net position of the District.

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

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such 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. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenue is recognized when the qualifying expenditures have been included and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue, and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports with any reconciling items noted on page 8. The amounts on the Grant Auditor Report reconcile with this Schedule. The amounts reported on the Recipient Entitlement Balance (PAL) Report agree with this Schedule for USDA donated food commodities and the expenditures include any spoilage or pilferage. There are additional commodities recorded that were not included on the PAL report.

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10 percent de minimis cost rate as permitted by Section 200.414 of the Uniform Guidance.

**Note 3 – Subrecipients**

No federal awards were passed through the District to any subrecipients during the year.

**Hanover-Horton School District**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2022

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	_____ yes <u>  X  </u> no
Significant deficiencies identified that are not considered to be material weaknesses	_____ yes <u>  X  </u> none reported
Noncompliance material to financial statements noted	_____ yes <u>  X  </u> no

Federal Awards

Internal control over major programs:	
Material weakness identified	_____ yes <u>  X  </u> no
Significant deficiencies identified that are not considered to be material weaknesses	_____ yes <u>  X  </u> none reported

Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ yes <u>  X  </u> no

Identification of major programs:

<u>Assistance Listing Number</u> 10.553/10.555/10.559	<u>Name of Federal Program</u> Child Nutrition Cluster
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Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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Auditee qualified as low-risk	_____ yes <u>  X  </u> no
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**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Hanover-Horton School District**  
Comments on Resolution of Findings from June 30, 2021  
Single Audit Report

**Financial Statement Findings**

None

**Federal Award Findings and Questioned Costs**

None