
Gull Lake Community Schools

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
Gull Lake Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gull Lake Community 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 17, 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 17, 2022.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 17, 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
Gull Lake Community 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, each major fund, and the aggregate remaining fund information of Gull Lake Community 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 17, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-001, that we consider to be a significant deficiency.

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 Response to the Finding

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

To Management and the Board of Education
Gull Lake Community 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 & Moran, PLLC

October 17, 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
Gull Lake Community Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gull Lake Community 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 program for the year ended June 30, 2022. The School District's major federal program is 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 program 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 program.

To the Board of Education
Gull Lake Community 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
Gull Lake Community 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 & Moreau, PLLC

October 17, 2022

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	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 (Deferred) 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 School Lunch Program - Entitlement Commodities - 2021-2022 - Regular										
	10.555	N/A	\$ 99,064	\$ -	\$ -	\$ -	\$ 99,064	\$ 99,064	\$ -	\$ -
Cash assistance -										
National School Lunch Program:										
Seamless Summer Option (SSO) - Lunch										
	10.555	211961	157,550	-	-	-	157,550	157,550	-	-
Seamless Summer Option (SSO) - Lunch										
	10.555	220910	55,907	-	-	-	55,907	55,907	-	-
Seamless Summer Option (SSO) - Lunch										
	10.555	221961	1,126,880	-	-	-	1,126,880	1,126,880	-	-
Total National School Lunch Program (incl. commodities)										
	10.555		1,439,401	-	-	-	1,439,401	1,439,401	-	-
National School Breakfast Program:										
Seamless Summer Option (SSO) - Breakfast										
	10.553	211971	42,141	-	-	-	42,141	42,141	-	-
Seamless Summer Option (SSO) - Breakfast										
	10.553	221971	338,411	-	-	-	338,411	338,411	-	-
Total National School Breakfast Program										
	10.553		380,552	-	-	-	380,552	380,552	-	-
Summer Food Service Program:										
COVID-19 - 2020-2021 Extended										
	10.559	210904	1,017,582	926,527	63,369	-	154,424	91,055	-	-
2021-2022 Extended SFSP										
	10.559	220900/220904	12,009	-	-	-	-	12,009	12,009	-
Total Summer Food Service Program										
	10.559		1,029,591	926,527	63,369	-	154,424	103,064	12,009	-
Total Child Nutrition Cluster										
			2,849,544	926,527	63,369	-	1,974,377	1,923,017	12,009	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Kalamazoo Regional Education Service Agency:										
Medicaid Assistance Program (Medicaid) 2018										
	93.778	N/A	10,460	10,459	7,976	-	7,976	-	-	-
Medicaid Assistance Program (Medicaid) 2021										
	93.778	N/A	14,969	-	-	-	14,969	14,969	-	-
Total Medicaid Cluster										
	93.778		25,429	10,459	7,976	-	22,945	14,969	-	-
Total federal program clusters										
			2,874,973	936,986	71,345	-	1,997,322	1,937,986	12,009	-

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	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 (Deferred) 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	10.649	210980	\$ 614	\$ -	\$ -	\$ -	\$ 614	\$ 614	\$ -	\$ -
U.S. Department of Education:										
Passed through Three Rivers Community Schools -										
Title III, Part A - Language Instruction for English Learners	84.365A	220580	10,066	-	-	-	4,563	4,563	-	-
Passed through the Kalamazoo Regional Education Service Agency:										
Title I RAG - Regional Assistance Grant:										
2020-2021	84.010A	2020-2021	9,080	-	-	-	9,080	9,080	-	-
2021-2022	84.010A	2021-2022	10,401	-	-	-	10,401	10,401	-	-
Total Title I RAG Regional Assistance Grant	84.010A		19,481	-	-	-	19,481	19,481	-	-
Passed through the Michigan Department of Education (MDE):										
Title I, Part A:										
2019-2020	84.010	201530	369,903	243,039	(2,516)	-	(2,516)	-	-	-
2020-2021	84.010	211530	282,667	213,290	60,103	-	79,527	19,424	-	-
2021-2022	84.010	221530	305,512	-	-	-	187,980	260,541	72,561	-
Total Title I, Part A (MDE)	84.010		958,082	456,329	57,587	-	264,991	279,965	72,561	-
Total Title I, Part A and Title 1 RAG	84.010		977,563	456,329	57,587	-	284,472	299,446	72,561	-
Title II, Part A - Improving Teacher Quality:										
2020-2021	84.367A	210520	96,475	20,211	8,300	-	10,350	2,050	-	-
2021-2022	84.367A	220520	142,995	-	-	-	71,582	82,267	10,685	-
Total Title II, Part A - Improving Teacher Quality	84.367A		239,470	20,211	8,300	-	81,932	84,317	10,685	-
Title IV, Part A - Student Support and Academic Enrichment:										
2020-2021	84.424A	210750	33,925	5,294	5,294	-	8,498	3,204	-	-
2021-2022	84.424A	220750	35,764	-	-	-	-	27,197	27,197	-
Total Title IV, Part A - Student Support and Academic Enrichment	84.424A		69,689	5,294	5,294	-	8,498	30,401	27,197	-
Education Stabilization Fund:										
COVID-19 - ESSER Formula I	84.425D	203710	191,548	191,548	191,548	-	191,548	-	-	-
COVID-19 - ESSER Formula Fund II	84.425D	213712-20-21	893,576	-	-	-	-	807,576	807,576	-
COVID-19 - ESSER Funds - Sec 23b Credit Recovery K-8	84.425D	213722	251,900	-	-	-	-	54,003	54,003	-
COVID-19 - ESSER Funds - Sec 23b Credit Recovery 9-12	84.425D	213742	22,000	-	-	-	-	4,603	4,603	-
COVID-19 - GEER II - Teacher & Support Staff Payments	84.425C	211202	25,000	-	-	-	25,000	25,000	-	-
COVID-19 ARP ESSER III Funds	84.425U	213713	1,337,897	-	-	-	-	392,963	392,963	-
Total Educational Stabilization Fund	84.425		2,721,921	191,548	191,548	-	216,548	1,284,145	1,259,145	-
Total U.S. Department of Education noncluster programs			4,019,323	673,382	262,729	-	596,627	1,703,486	1,369,588	-
Total federal awards			\$ 6,894,296	\$ 1,610,368	\$ 334,074	\$ -	\$ 2,593,949	\$ 3,641,472	\$ 1,381,597	\$ -

Notes to Schedule of Expenditures of Federal Awards

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 Gull Lake Community 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 modified accrual of accounting. 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. 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 elected not 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. Noncash assistance received by the School District is properly included in the schedule of federal expenditures for the year ended June 30, 2022.

Schedule of Findings and Questioned Costs

Gull Lake Community Schools

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

Noncompliance material to financial statements noted? Yes None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes 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 Section 2 CFR 200.516(a)? Yes No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425C, 84.425D, 84.425U	Education Stabilization Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Gull Lake Community Schools

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings

Reference Number	Finding
2022-001	<p>Finding Type - Significant deficiency</p> <p>Criteria - The School District's internal control structure should ensure that proper segregation of duties is in place to prevent intentional or unintentional errors in recording accounting data, to ensure that balances are properly supported and reported, and to prevent the intentional misappropriation of assets.</p> <p>Condition - During the year, the School District did not have adequate segregation of duties within the accounts payable and cash disbursement process. The accounts payable clerk had the ability to create new vendors in the system, enter invoices, enter cash disbursements, access to the check stock, print checks from the system, and post manual journal entries. Similar conditions existed during the year ended June 30, 2021 (2021-001).</p> <p>Context - The lack of segregation of duties could affect transactions recorded in the finance system during the period of deficiency.</p> <p>Cause - Proper procedures and controls are not in place to ensure the proper segregation of duties.</p> <p>Effect - The lack of segregation of duties could limit the School District's ability to reliably prevent or detect erroneous or inappropriate activity, including misappropriation of cash, in a timely manner.</p> <p>Recommendation - We recommended that policies and procedures be implemented to increase the segregation of duties in the accounts payable and cash disbursement function.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Effective July 1, 2022, the School District transitioned ERP systems to Skyward. Subsequent to the transition, the School District is in the process of reassessing users' access rights, capabilities, and responsibilities within the system in order to ensure proper segregation of duties are in place. In addition, the business manager has started to run and review detailed vendor activity reports biweekly before approving check batches</p>

Section III - Federal Program Audit Findings

Reference Number	Finding
Current Year	None