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# Gull Lake Community Schools

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**Federal Awards Supplemental Information**  
**June 30, 2023**

### **Independent Auditor's Reports**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4-6
<b>Schedule of Expenditures of Federal Awards</b>	7-8
<b>Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards</b>	9
<b>Notes to Schedule of Expenditures of Federal Awards</b>	10
<b>Schedule of Findings and Questioned Costs</b>	11-13

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, 2023 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 24, 2023, 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 24, 2023.

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 24, 2023

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, 2023 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 24, 2023.

#### **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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001, that we consider to be a material weakness.

#### **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 24, 2023

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 each of the School District's major federal programs for the year ended June 30, 2023. 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 each of the major federal programs for the year ended June 30, 2023.

***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  
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 & Moran, PLLC*

October 24, 2023



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, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2023	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 - 2022-2023 - Regular	10.555	N/A	\$ 88,835	\$ -	\$ -	\$ -	\$ 88,835	\$ 88,835	\$ -	\$ -
Entitlement Commodities - 2022-2023 - Bonus	10.555	N/A	7,945	-	-	-	7,945	7,945	-	-
Cash assistance:										
National School Lunch Program:										
Seamless Summer Option (SSO) - Lunch	10.555	220910	112,786	55,907	-	-	56,879	56,879	-	-
National School Lunch Program	10.555	221960	60,834	-	-	-	60,834	60,834	-	-
Seamless Summer Option (SSO) - Lunch	10.555	230910	28,899	-	-	-	28,899	28,899	-	-
National School Lunch Program	10.555	231960	<u>425,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,122</u>	<u>425,122</u>	<u>-</u>	<u>-</u>
Total National School Lunch Program (incl. commodities)			724,421	55,907	-	-	668,514	668,514	-	-
National School Breakfast Program:										
National School Breakfast Program	10.553	221970	13,198	-	-	-	13,198	13,198	-	-
National School Breakfast Program	10.553	231970	<u>116,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,224</u>	<u>116,224</u>	<u>-</u>	<u>-</u>
Total National School Breakfast Program			129,422	-	-	-	129,422	129,422	-	-
2021-2022 Extended Summer Food Service Program	10.559	220900/220904	<u>24,018</u>	<u>12,009</u>	<u>12,009</u>	<u>-</u>	<u>12,009</u>	<u>12,009</u>	<u>12,009</u>	<u>-</u>
Total Child Nutrition Cluster			877,861	67,916	12,009	-	809,945	809,945	12,009	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Kalamazoo Regional Education Service Agency - Medicaid Assistance Program (Medicaid) 2023										
Medicaid Assistance Program (Medicaid) 2023	93.778	N/A	<u>13,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,009</u>	<u>13,009</u>	<u>-</u>	<u>-</u>
Total federal program clusters			890,870	67,916	12,009	-	822,954	822,954	12,009	-

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, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2023	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	220980	\$ 628	\$ -	\$ -	\$ -	\$ 628	\$ 628	\$ -	\$ -
Local Food for Schools - 2022-2023	10.185	230985	2,139	-	-	-	2,139	2,139	-	-
Total Department of Agriculture			<u>2,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,767</u>	<u>2,767</u>	<u>-</u>	<u>-</u>
U.S. Department of Education:										
Passed through Three Rivers Community Schools - Title III, Part A - Language Instruction for English Learners										
	84.365A	230580	3,629	-	-	-	-	3,629	3,629	-
Passed through the Kalamazoo Regional Education Service Agency - Title I RAG - Regional Assistance Grant - 2022-2023										
	84.010A	2022-2023	30,628	-	-	-	30,628	30,628	-	-
Passed through the Michigan Department of Education (MDE):										
Title I, Part A:										
2020-2021	84.010	211530	282,667	-	-	-	(8,486)	(8,486)	-	-
2021-2022	84.010	221530	305,512	260,541	72,561	-	72,561	-	-	-
2022-2023	84.010	231530	364,330	-	-	-	238,722	311,925	73,203	-
Total Title I, Part A (MDE)			<u>952,509</u>	<u>260,541</u>	<u>72,561</u>	<u>-</u>	<u>302,797</u>	<u>303,439</u>	<u>73,203</u>	<u>-</u>
Total Title I, Part A and Title 1 RAG			983,137	260,541	72,561	-	333,425	334,067	73,203	-
Title II, Part A - Improving Teacher Quality:										
2021-2022	84.367A	220520	142,995	82,267	10,685	-	10,685	-	-	-
2022-2023	84.367A	230520	133,131	-	-	-	68,031	73,282	5,251	-
Total Title II, Part A - Improving Teacher Quality			276,126	82,267	10,685	-	78,716	73,282	5,251	-
Title IV, Part A - Student Support and Academic Enrichment:										
2021-2022	84.424A	220750	35,764	27,197	27,197	-	27,197	-	-	-
2022-2023	84.424A	230750	27,526	-	-	-	14,594	14,594	-	-
Total Title IV, Part A - Student Support and Academic Enrichment			63,290	27,197	27,197	-	41,791	14,594	-	-
Education Stabilization Fund:										
COVID-19 - ESSER Formula Fund II	84.425D	213722/213742	893,576	807,576	807,576	-	854,453	63,939	17,062	-
COVID-19 - ESSER Formula Fund II- Learning Loss	84.425D	213782	186,200	-	-	-	-	175,212	175,212	-
COVID-19 - ESSER Funds - Sec 23b Credit Recovery K-8	84.425D	213722	251,900	54,003	54,003	-	54,003	111,834	111,834	-
COVID-19 - ESSER Funds - Sec 23b Credit Recovery 9-12	84.425D	213742	22,000	4,603	4,603	-	4,603	10,696	10,696	-
COVID-19 - ESSER Fund III	84.425U	213713	2,008,274	392,963	392,963	-	817,058	751,706	327,611	-
Total Education Stabilization Fund			<u>3,361,950</u>	<u>1,259,145</u>	<u>1,259,145</u>	<u>-</u>	<u>1,730,117</u>	<u>1,113,387</u>	<u>642,415</u>	<u>-</u>
Total U.S. Department of Education noncluster programs			<u>4,688,132</u>	<u>1,629,150</u>	<u>1,369,588</u>	<u>-</u>	<u>2,184,049</u>	<u>1,538,959</u>	<u>724,498</u>	<u>-</u>
Total federal awards			<u>\$ 5,581,769</u>	<u>\$ 1,697,066</u>	<u>\$ 1,381,597</u>	<u>\$ -</u>	<u>\$ 3,009,770</u>	<u>\$ 2,364,680</u>	<u>\$ 736,507</u>	<u>\$ -</u>

**Gull Lake Community 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, 2023**

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 2,145,757
Add grant expenditures incurred in the current year but not recognized as revenue on the basic financial statements as of June 30, 2023 in accordance with GASB Statement No. 33	<u>218,923</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><b>\$ 2,364,680</b></u>

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

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**Year Ended June 30, 2023**

**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, 2023. 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 basis 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, 2023.

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## Schedule of Findings and Questioned Costs

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**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2023**

**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

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  X  No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D, 84.425U	Education Stabilization Fund
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?  X  Yes   No

**Gull Lake Community Schools**

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended June 30, 2023**

**Section II - Financial Statement Audit Findings**

Reference Number	Finding
2023-001	<p><b>Finding Type - Material weakness</b></p> <p><b>Criteria</b> - The School District's internal control structure should ensure that accounting data is properly calculated, reconciled, and reported for accounts payable, employee compensation accruals, fund balance, and cash and interfund activity in accordance with generally accepted accounting principles (GAAP).</p> <p><b>Condition</b> - The School District did not review and reconcile accounts payable cutoff and cash reconciliation activity prior to the annual audit. There were also reconciliation differences related to employee compensation accruals, fund balance activity, and interfund activity that were partially due to the first year-end close under the new finance system. The School District is required to ensure items are recorded within the correct fiscal year, the balance sheet is accurately reconciled, and proper cutoff procedures are performed. These adjustments were identified by the auditors.</p> <p><b>Context</b> - A material adjustment was made within the 2018 Capital Projects Fund, the 2021 Capital Projects Fund, and the 2014 Sinking Fund to properly reflect the accounts payable balances at June 30, 2023. Material adjustments were made in the General Fund to reconcile the employee compensation accruals. A material adjustment was made in the General Fund fund balance to account for prior year adjustments that did not post correctly. Adjustments were made to the General Fund and the 2018 Capital Projects Fund to reconcile interfund account activity. Adjustments were made in the General Fund between the cash account and prepaid asset and accounts receivable accounts related to reconciling items.</p> <p><b>Cause</b> - The School District did not properly review and reconcile employee compensation accruals, fund balance, cash, and interfund activity as of June 30, 2023 and did not perform the proper cutoff analysis on the accounts payable balances.</p> <p><b>Effect</b> - Prior to the adjustments, accounts payable in the 2018 Capital Projects Fund, the 2021 Capital Projects Fund, and the 2014 Sinking Fund, employee compensation accruals in the General Fund, fund balance in the General Fund, interfund balances in the General Fund and the 2018 Capital Projects Fund, and cash in the General Fund did not have accurate balances in accordance with GAAP.</p> <p><b>Recommendation</b> - We recommend the School District implement procedures and controls to ensure that financial records are maintained in accordance with generally accepted accounting principles.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The School District agrees with the recommendations above and has recorded all adjusting journal entries. The School District will implement procedures and controls to ensure year-end accruals, review of AP cutoff and cash and interfund activity are reconciled and agreed to underlying records before the annual audit.</p>

**Section III - Federal Program Audit Findings**

Reference Number	Finding
<b>Current Year</b>	None