
Gull Lake Community Schools

Federal Awards Supplemental Information
June 30, 2021

Independent Auditor's Reports

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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, 2021 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 5, 2021, which contained an unmodified opinion on the 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 5, 2021.

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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 5, 2021

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 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, 2021 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 5, 2021.

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 did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001, that we consider to be a significant deficiency.

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

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the 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 5, 2021

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

We have audited Gull Lake Community School's (the "School District") compliance with the types of compliance requirements described in the U.S. 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, 2021. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 the major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

To the Board of Education
Gull Lake Community Schools

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 5, 2021

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2020	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2021	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 - 2020-2021 - Regular Program - Entitlement Commodities - 2020-2021 - Bonus Total Program - Entitlement Commodities	10.555	N/A	\$ 67,659 \$ 151 67,810	- - -	- - -	- - -	\$ 67,659 \$ 151 67,810	\$ 67,659 \$ 151 67,810	\$ - \$ - \$ -	- - -
Cash assistance - National School Lunch Program - COVID-19 - 2019-2020 USC SFSP	10.555	200902	406,814 474,624	332,733 332,733	74,081 74,081	- -	74,081 141,891	- 67,810	- -	- -
Total National School Lunch Program (incl. commodities) Summer Food Service Program:	10.559	200900/200901 210904	167,541 926,527 1,094,068 1,568,692	- - - 332,733	- - - 74,081	- - - -	167,541 863,158 1,030,699 1,172,590	167,541 926,527 1,094,068 1,161,878	63,369 63,369 63,369	- - - -
Total Child Nutrition Cluster 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 1,579,152	- 332,733	- 74,081	- -	2,483 1,175,073	10,469 1,172,337	7,976 71,345	- -
Other federal awards:										
U.S. Department of Education: Passed through the Michigan Department of Education: Title I, Part A:	84.010	201530 211530	369,903 282,667 662,570	226,071 226,071	49,380 49,380	- -	66,864 153,187 222,051	16,968 213,290 230,258	(2,516) 60,103 57,587	- - -
Total Title I, Part A Title II, Part A - Improving Teacher Quality:	84.367A 84.367A	200520 210520	115,955 96,475 212,430	90,690 90,690	(8,643) (8,643)	- -	(8,643) 11,911 3,268	- 20,211 20,211	- 8,300 8,300	- - -
Total Title II, Part A - Improving Teacher Quality Title IV, Part A - Student Support and Academic Enrichment:	84.424A 84.424A	200750 210750	21,180 33,925 58,105 191,548 1,111,653	3,614 3,614	3,614 3,614	- -	3,614 3,614	5,294 5,294 191,548 262,729	- - - -	
Total Title IV, Part A - Student Support and Academic Enrichment Education Stabilization Fund Program - COVID-19 - ESSER Formula Fund I	84.425D	203710	1,111,653	320,375	44,351	-	228,933	447,311	262,729	-
Total U.S. Department of Education noncluster programs Coronavirus Relief Fund - U.S. Department of Treasury: Passed through Michigan Department of Education: COVID-19 - 11p - CRF School Aid COVID-19 - 103(2) - District COVID Costs	21.019 21.019		1,254,936 44,173 1,299,109	- - -	- - -	- - -	1,254,936 44,173 1,299,109	1,254,936 44,173 1,299,109	- - -	- - -
Total CRF passed through Michigan Department of Education Passed through Copper Country ISD - COVID-19 - CRF MiConnect/MAISA Total Coronavirus Relief Fund	21.019		27,171 1,326,280 4,017,085	- - -	- - -	- - -	27,171 1,326,280 2,730,286	27,171 1,326,280 2,945,928	- - -	- - -
Total federal awards			\$ 4,017,085	\$ 653,108	\$ 118,432	\$ -	\$ 2,730,286	\$ 2,945,928	\$ 334,074	\$ -

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021 and 2020

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, 2021. 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, except for those related to CFDA 21.019, Coronavirus Relief Fund (CRF), 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.

CRF does not apply 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*, but rather applies the U.S. Department of Treasury's guidance and frequently asked questions, as codified in the Federal Register.

The pass-through entity identifying numbers are presented where applicable.

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 Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

The grantee received no noncash assistance during the year ended June 30, 2021 that is not included in the schedule of expenditures of federal awards.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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 X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes 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:

CFDA Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? X Yes No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2021

Section II - Financial Statement Audit Findings

Reference Number	Finding
2021-001	<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 AP 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.</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 - In FY 2022, the business manager will run and review detailed vendor activity reports biweekly before approving check batches. The School District will transition ERP systems during FY 2022 and will reassess and reassign capabilities within the new system to ensure proper segregation of duties.</p>

Section III - Federal Program Audit Findings

None