

**Bullock Creek School District**

Federal Awards  
(Supplementary Information  
to Financial Statements)  
June 30, 2024



Bullock Creek School District  
Federal Awards  
Supplementary Information to Financial Statements  
June 30, 2024

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**Independent Auditor’s 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**

To the Members of the Board  
Bullock Creek School District  
Midland, Michigan

We have audited, in accordance with the 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 Bullock Creek School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated October 14, 2024.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 District’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The 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 the response.

## 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in cursive script that reads "Roslund, Prestage & Company, P.C.".

Roslund, Prestage & Company, P.C.  
Certified Public Accountants



## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Members of the Board  
Bullock Creek School District  
Midland, Michigan

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

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

We have audited Bullock Creek School District's (the District) 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 the District's major federal programs for the year ended June 30, 2024. The 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 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, 2024.

#### ***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 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 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 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 District's federal programs.

#### ***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 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 the 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 the 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 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 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.

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.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 14, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes 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 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 basic financial statements as a whole.

Sincerely,

*Roslund, Prestage & Company, P.C.*

Roslund, Prestage & Company, P.C.  
Certified Public Accountants

October 14, 2024

**Bullock Creek School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

Federal Grantor Pass-Through Grantor Program Title Grant Number	Assistance Listing Number	Pass Through Project Number	Award Amount	Accrued (Unearned) Revenue July 1, 2023	Adjustments	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2024	Provided to Subrecipients
<b>U.S. Department of Agriculture</b>									
<b>Passed through Michigan Department of Education</b>									
<i>Child Nutrition Cluster</i>									
School Breakfast Program	10.553	231970   241970	\$ 230,589	\$ -	\$ -	\$ 224,289	\$ 230,589	\$ 6,300	\$ -
Total ALN 10.553				-	-	224,289	230,589	6,300	-
Non-cash assistance (commodities)									
National School Lunch Program - Entitlement Commodities	10.555	2324	N/A	-	-	75,437	75,437	-	-
National School Lunch Program - Entitlement Bonus	10.555	2324	N/A	-	-	602	602	-	-
Cash assistance									
National School Lunch Program - Supply Chain Assistance	10.555	240910	45,870	-	-	45,870	45,870	-	-
National School Lunch Program	10.555	231960   241960	583,289	-	-	523,436	537,417	13,981	-
Total ALN 10.555				-	-	645,345	659,326	13,981	-
Summer Food Service Program for Children	10.559	240900	69,468	-	-	-	69,468	69,468	-
Total ALN 10.559				-	-	-	69,468	69,468	-
<i>Total Child Nutrition Cluster</i>				-	-	869,634	959,383	89,749	-
<b>Total U.S. Department of Agriculture</b>				-	-	<b>869,634</b>	<b>959,383</b>	<b>89,749</b>	-
<b>U.S. Department of Education</b>									
<b>Passed through Michigan Department of Education</b>									
Title I Grants to Local Educational Agencies	84.010	231530 2223	382,854	55,378	-	55,378	-	-	-
Title I Grants to Local Educational Agencies	84.010	241530 2324	305,118	-	-	-	252,414	252,414	-
Total ALN 84.010				55,378	-	55,378	252,414	252,414	-
<b>Passed through Clare-Gladwin RESD</b>									
Education for Homeless Children and Youth	84.196	232320 2223	6,539	2,854	-	2,854	-	-	-
Education for Homeless Children and Youth	84.196	232320 2224	7,756	-	-	5,204	5,204	-	-
Total ALN 84.196				2,854	-	8,058	5,204	-	-
<b>Passed through Michigan Department of Education</b>									
Student Support and Academic Enrichment	84.424	230750 2223	36,641	(4,871)	-	3,455	8,326	-	-
Student Support and Academic Enrichment	84.424	240750 2324	25,629	-	-	-	8,396	8,396	-
Total ALN 84.424				(4,871)	-	3,455	16,722	8,396	-

The accompanying notes are an integral part of this schedule.

**Bullock Creek School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

Federal Grantor Pass-Through Grantor Program Title Grant Number	Assistance Listing Number	Pass Through Project Number	Award Amount	Accrued (Unearned) Revenue July 1, 2023	Adjustments	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2024	Provided to Subrecipients
<b>U.S. Department of Education (continued)</b>									
<b>Passed through Michigan Department of Education</b>									
Supporting Effective Instruction State Grants	84.367	230520 2223	\$ 84,950	\$ 26,691	\$ -	\$ 26,691	\$ -	\$ -	\$ -
Supporting Effective Instruction State Grants	84.367	240520 2324	74,808	-	(26,659)	26,659	44,451	44,451	-
Total ALN 84.367				26,691	(26,659)	53,350	44,451	44,451	-
COVID 19 - Education Stabilization Fund									
Before & After School Program	84.425D	213752 2122	21,000	3,716	-	3,716	-	-	-
213782 2023 Esser II - 98c Learning Loss	84.425D	213782 2023	88,498	14,209	-	14,209	-	-	-
213782 2024 Esser II - 98c Learning Loss	84.425D	213782 2024	88,498	-	-	10,883	10,883	-	-
Esser III - Formula	84.425U	213713 2023	2,010,616	29,356	-	29,356	-	-	-
Esser III - Formula	84.425U	213713 2024	2,010,616	-	-	399,912	597,994	198,082	-
MV ARP Homeless II	84.425W	211012 2024	9,000	-	-	-	5,107	5,107	-
Total ALN 84.425				47,281	-	458,076	613,984	203,189	-
<b>Total U.S. Department of Education</b>				<b>127,333</b>	<b>(26,659)</b>	<b>578,317</b>	<b>932,775</b>	<b>508,450</b>	<b>-</b>
<b>Total Federal Awards Subject to Single Audit</b>				<b>\$ 127,333</b>	<b>\$ (26,659)</b>	<b>\$ 1,447,951</b>	<b>\$ 1,892,158</b>	<b>\$ 598,199</b>	<b>\$ -</b>

The accompanying notes are an integral part of this schedule.

Bullock Creek School District  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Bullock Creek School District (the District) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 its financial position or changes in net position of the District.

Management has utilized the Nexsys cash management system and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The District has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 – ADJUSTMENT**

Negative amounts shown on the schedule represent requests in excess of expenditures. This amount was removed from federal revenues in the trial balance as of year-end and the amount was pulled back by Michigan Department of Education in September of 2024.

**NOTE 4 – RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS**

Federal expenditures are reported as revenues in the following funds in the financial statements of the District:

Fund	Amount
General Fund	932,775
Food Service Fund	959,383
Federal revenues subject to single audit act	1,892,158

Bullock Creek School District  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2024

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

FINANCIAL STATEMENTS

Type of auditor's report based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified?        Yes   X   None Reported
- Noncompliance material to financial statements noted?        Yes   X   No

FEDERAL AWARDS

Internal control over major program:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        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 2 CFR 200.516(a)?        Yes   X   No

Identification of major programs:

Assistance Listing Number(s)  
10.553, 10.555, 10.559

Name of Federal Program or Cluster  
Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

- Auditee qualified as low-risk auditee?        Yes   X   No

Bullock Creek School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2024-001 – MATERIAL JOURNAL ENTRY**

Type: Material Weakness in Internal Control over financial reporting.

Condition: The District's general ledger contained a material misstatement of accounts payable and the related expenditures.

Criteria: The District's internal control structure should be designed and implemented to ensure that accounting data is properly calculated and reported in the financial statements in accordance with generally accepted accounting principles (GAAP).

Cause: During the process of reconciling the detailed accounts payable listing to the general ledger, management did not identify previously posted journal entries that should have been reversed at year end.

Effect: Accounts payable (and the related expenditures) were materially overstated in the District's initial general ledger presented for audit by \$715,801. Subsequent adjustments were recorded to correct this misstatement.

Recommendation: We recommend that the District review their account reconciliation process and make necessary changes to ensure that all accounts are reconciled to supporting documentation prior to the start of the audit.

Management's Resp: We agree with this finding.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None**

Bullock Creek School District  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2024

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**Finding 2023-001 – MATERIAL JOURNAL ENTRY**

Type: Material Weakness in Internal Control over financial reporting.  
Condition: The District's general ledger contained a material error related to accounts payable and expenditures recorded at year-end.  
Status: Additional accruals were not required in FY 2024 (2024-001).

**Finding 2023-002 – SPECIAL TESTS**

Type: Significant Deficiency in Internal Control / Noncompliance – On-Site Reviews  
Program: Child Nutrition Cluster (ALN 10.553 and 10.555)  
Condition: An on-site review was not completed for all sites in which lunches were served.  
Status: Finding not repeated in FY 2024.

**Finding 2023-003 – ELIGIBILITY**

Type: Significant Deficiency in Internal Control – Eligibility  
Program: Child Nutrition Cluster (ALN 10.553 and 10.555)  
Condition: Of the 22 applications for reduced meals that were selected for testing, 3 did not document evidence of review by staff.  
Status: Finding not repeated in FY 2024.

**Finding 2023-004 – REPORTING**

Type: Material weakness in Internal Control – Reporting  
Program: Child Nutrition Cluster (ALN 10.553 and 10.555)  
Condition: In six of the eleven months tested, the number of meals included on the reimbursement claim reports were not supported by the District's internal count sheets.  
Status: Finding not repeated in FY 2024.



September 30, 2024

Finding Number: 2024-001 – Material Journal Entry

Condition: The District's general ledger contained a material error related to accounts payable and expenditures recorded at year-end.

Responsible Person: Stephen Grubaugh – Director of Business Services

Implementation Date: 07-01-2024

During the review of A/P for July 2023, it was discovered that 2 accrual Journal entries were not reversed after the 2022-2023 audit was performed. The first was the Wolgast invoice for \$494,994.70 was for work done through June 30, 2023. To record these expenses on the correct fiscal year, an adjusting journal entry was needed to increase accounts payable by \$494,994.70 and increase the 2022-2023 expenditures by \$494,994.70. This should have been reversed, to back the expenses out of the 2023-2024 expenses. Second was the July 2023 MESSA invoice for \$220,806 which was accrued for the 2022-2023 Fiscal year. The invoice was paid in July and the accrual should have been reversed in order to back out the expenses.

In order to keep this issue from happening in the future, Stephen Grubaugh will track the accrual Journal Entries more closely and ensure that they are reversed in a timely manner.

Sincerely,

Stephen Grubaugh  
Director of Business Services