

RUDYARD AREA SCHOOLS
Chippewa and Mackinac Counties, Michigan

Additional Reports Required by
the Uniform Guidance

For the year ended June 30, 2023

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RUDYARD AREA SCHOOLS

For the year ended June 30, 2023

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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**

September 21, 2023

The Board of Education
Rudyard Area Schools
Chippewa and Mackinac Counties, 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 Rudyard Area Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Rudyard Area Schools' basic financial statements, and have issued our report thereon dated September 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rudyard Area Schools' 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 Rudyard Area Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Rudyard Area Schools' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rudyard Area Schools' 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*.

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.

A handwritten signature in cursive script that reads "Hungerford Nichols".

Certified Public Accountants
Grand Rapids, Michigan

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

September 21, 2023

The Board of Education
Rudyard Area Schools
Chippewa and Mackinac Counties, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rudyard Area Schools' 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 Rudyard Area Schools' major federal program for the year ended June 30, 2023. Rudyard Area Schools' 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, Rudyard Area Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program 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; 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 Rudyard Area Schools' 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 the major federal program. Our audit does not provide a legal determination of Rudyard Area Schools' 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 Rudyard Area Schools' 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 Rudyard Area Schools' 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 Rudyard Area Schools' compliance with the requirements of the 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 Rudyard Area Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rudyard Area Schools' 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 Rudyard Area Schools' 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 Rudyard Area Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise of Rudyard Area Schools' basic financial statements. We issued our report thereon dated September 21, 2023, which contained unmodified opinions 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. 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.



Certified Public Accountants
Grand Rapids, Michigan

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

RUDYARD AREA SCHOOLS

For the year ended June 30, 2023

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Approved Grant Award Amount
U. S. Department of Education		
Direct Awards:		
Indian Education:	84.060A	
Regular 21-22		\$ 57,622
Regular 22-23		<u>62,610</u>
Total Indian Education		<u>120,232</u>
Impact Aid:	84.041	
Impact Aid 2017-18		15,622
Impact Aid 2018-19		403,265
Impact Aid 2019-20		360,202
Impact Aid 2020-21		369,200
Impact Aid 2021-22		44,468
Impact Aid 2022-23		<u>562,356</u>
Total Impact Aid		<u>1,755,113</u>
Total Direct Awards		<u>1,875,345</u>
Passed through Michigan Department of Education (MDE):		
Title I, Part A:	84.010	
221530 2122		379,444
231530 2223		423,044
231580 2223		<u>20,000</u>
Total Title I, Part A		<u>822,488</u>
Title V, Part B:	84.358	
220660 2122		13,373
230660 2223		<u>30,220</u>
Total Title V, Part B		<u>43,593</u>
Title II, Part A:	84.367	
220520 2122		95,206
230520 2223		<u>56,583</u>
Total Title II, Part A		<u>151,789</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2023
\$ 29,285	\$ 57,622	\$ -	\$ 29,285	\$ -
-	-	62,610	30,248	32,362
29,285	57,622	62,610	59,533	32,362
(5,202)	12,133	5,202	-	-
(8,211)	-	465	-	(7,746)
(8,902)	-	-	-	(8,902)
(6,937)	-	-	-	(6,937)
(20,286)	424,398	-	-	(20,286)
-	-	540,413	562,356	(21,943)
(49,538)	436,531	546,080	562,356	(65,814)
(20,253)	494,153	608,690	621,889	(33,452)
90,859	307,534	11,435	102,294	-
-	-	374,843	-	374,843
-	-	20,000	-	20,000
90,859	307,534	406,278	102,294	394,843
-	-	32	32	-
-	-	21,181	-	21,181
-	-	21,213	32	21,181
72,541	82,813	-	72,541	-
-	-	18,300	-	18,300
72,541	82,813	18,300	72,541	18,300

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**RUDYARD AREA SCHOOLS**

For the year ended June 30, 2023

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Approved Grant Award Amount
Title IV, Part A: 230750 2223	84.424	\$ 24,925
Education Stabilization Fund:	84.425	
201200 - 20-21 GEER Funds K-12	84.425C	42,096
211202 - 2122 GEER II - Teacher & Support Staff Payments	84.425C	24,250
213712 - 20-21 ESSER Formula Funds II	84.425D	1,221,987
213713 - 2122 ARP/ESSER III	84.425U	2,746,363
211012 - 2122 MV ARP Homeless II	84.425W	805
Total Education Stabilization Fund		4,035,501
Total Passed Through MDE		5,078,296
Passed Through Eastern Upper Peninsula Intermediate School District (EUPISD):		
Special Education Cluster:		
I.D.E.A. Grants to States:	84.027	
220450 2122		52,560
230450 2223		49,050
Total Special Education Cluster		101,610
Total U.S. Department of Education		7,055,251
U.S. Department of Treasury		
Passed Through Michigan Department of Education (MDE):		
Passed Through the Universal Service Administrative Company:		
Emergency Connectivity Funds	32.009	264,300
Total U.S. Department of Treasury		264,300
U.S. Department of Health and Human Services		
Passed Through Eastern Upper Peninsula Intermediate School District (EUPISD):		
Medicaid Cluster:		
Medical Assistance Program:	93.778	
2022 Medicaid Outreach		1,620
2023 Medicaid Outreach		2,251

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2023
\$ -	\$ -	\$ 24,925	\$ -	\$ 24,925
1,558	1,558	615	2,173	-
24,250	24,250	-	24,250	-
120,309	1,182,965	39,022	159,331	-
234,700	786,429	1,007,657	910,826	331,531
-	-	805	-	805
380,817	1,995,202	1,048,099	1,096,580	332,336
544,217	2,385,549	1,518,815	1,271,447	791,585
30,925	52,650	-	30,925	-
-	-	49,050	49,050	-
30,925	52,650	49,050	79,975	-
554,889	2,932,352	2,176,555	1,973,311	758,133
264,300	264,300	-	264,300	-
264,300	264,300	-	264,300	-
-	-	1,620	1,620	-
-	-	2,251	2,251	-

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**RUDYARD AREA SCHOOLS**

For the year ended June 30, 2023

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Approved Grant Award Amount
Total Medicaid Cluster		<u>\$ 3,871</u>
Every Student Succeeds Act/Preschool Development Grants: Education Development Center First 10 Pilot Grant: 223972	93.434	<u>80,892</u>
Total U.S. Department of Health and Human Services		<u>84,763</u>
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE): Local Food for Schools Cooperative Agreement Program: 230985 2023	10.185	<u>2,665</u>
Child Nutrition Cluster: Non-Cash Assistance (U.S.D.A. Commodities): Entitlement Commodities Bonus Commodities	10.555	<u>32,955</u> <u>327</u>
Total Non-Cash Assistance		<u>33,282</u>
Cash Assistance: School Breakfast Program: 221970 231970	10.553	<u>18,930</u> <u>152,086</u>
Total School Breakfast Program		<u>171,016</u>
National School Lunch Program: 220910 221960 221970 230910 231960	10.555	<u>16,292</u> <u>34,420</u> <u>16,081</u> <u>10,526</u> <u>280,584</u>
Total National School Lunch Program		<u>357,903</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2023
\$ -	\$ -	\$ 3,871	\$ 3,871	\$ -
-	-	80,892	45,878	35,014
-	-	84,763	49,749	35,014
-	-	2,665	2,665	-
-	-	32,955	32,955	-
-	-	327	327	-
-	-	33,282	33,282	-
-	-	18,930	18,930	-
-	-	152,086	152,086	-
-	-	171,016	171,016	-
-	-	16,292	16,292	-
-	-	34,420	34,420	-
(4,571)	11,510	4,571	-	-
-	-	10,526	10,526	-
-	-	280,584	280,584	-
(4,571)	11,510	346,393	341,822	-

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**RUDYARD AREA SCHOOLS**

For the year ended June 30, 2023

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Approved Grant Award Amount
Summer Food Service Program:	10.559	
210904 2122		\$ 12,435
220900		25,765
230900		<u>37,649</u>
Total Summer Food Service Program		<u>75,849</u>
Total Cash Assistance		<u>604,768</u>
Total Child Nutrition Cluster		<u>638,050</u>
Pandemic EBT Local Level Costs:	10.649	
220980 2022		<u>628</u>
Passed Through Chippewa/Mackinac Counties:		
Schools and Roads - Grants to States:	10.665	
Schools and Roads Grant 2022		117,124
Schools and Roads Grant 2023		<u>110,484</u>
Total Schools and Roads - Grants to States		<u>227,608</u>
Total U.S. Department of Agriculture		<u>868,951</u>
Total Federal Financial Assistance		<u><u>\$ 8,273,265</u></u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2023
\$ 8,716	\$ 21,151	\$ -	\$ 8,716	\$ -
-	-	17,049	17,049	-
-	-	37,649	-	37,649
8,716	21,151	54,698	25,765	37,649
4,145	32,661	572,107	538,603	37,649
4,145	32,661	605,389	571,885	37,649
-	-	628	628	-
106,355	117,124	-	106,355	-
-	-	110,484	110,484	-
106,355	117,124	110,484	216,839	-
110,500	149,785	719,166	792,017	37,649
\$ 929,689	\$ 3,346,437	\$ 2,980,484	\$ 3,079,377	\$ 830,796

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

RUDYARD AREA SCHOOLS

For the year ended June 30, 2023

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rudyard Area Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rudyard Area Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows, as applicable, of Rudyard Area Schools.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. 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* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Rudyard Area Schools has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note D – Grant Section Auditor Report

Management has utilized the MDE NexSys Grant Application and Cash Management System, and the Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

Note E– Non-Cash Assistance

The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with the SEFA for USDA donated food commodities.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

RUDYARD AREA SCHOOLS

For the year ended June 30, 2023

Note F – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Indian Education	\$ 62,610	\$ 62,610	\$ -
Impact Aid	546,080	546,080	-
Title I, Part A	406,278	386,278	20,000 *
Title V, Part B	21,213	21,213	-
Title II, Part A	18,300	18,300	-
Title IV, Part A	24,925	24,925	-
Education Stabilization Fund	1,048,099	1,047,294	805 *
Every Student Succeeds Act/Preschool Development Grants	80,892	80,892	-
Special Education Cluster	49,050	49,050	-
Emergency Connectivity Fund	-	264,300	(264,300) **
Medicaid Cluster	3,871	3,871	-
Local Food for Schools Cooperative Agreement Program	2,665	2,665	-
Child Nutrition Cluster	605,389	605,389	-
Pandemic EBT Local Level Costs	628	628	-
Schools and Roads - Grants to States	110,484	110,484	-
QZAB Interest	-	17,886	(17,886) ***
	<u>\$ 2,980,484</u>	<u>\$ 3,241,865</u>	<u>\$ (261,381)</u>

* The difference in federal grant expenditures to revenue per the financial statements is the result of associated grant requests not being received within 60 days of year end. The balances have been recorded as deferred revenue for the year ended June 30, 2023.

**The difference in federal grant expenditures to revenue per the financial statements is the result of amounts deferred at June 30, 2022. The balance was recognized as federal revenue in the financial statements for the year ended June 30, 2023.

*** QZAB interest is not required to be reported on the Schedule of Expenditures of Federal Awards, as the district is not considered a subrecipient of the funding.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RUDYARD AREA SCHOOLS

For the 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? _____ Yes _____ X _____ No
- Significant deficiency(ies) identified? _____ Yes _____ X _____ None reported

Noncompliance material to financial statements noted?

_____ Yes _____ X _____ No

Federal Awards

Internal control over major programs:

- 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 the Uniform Guidance?

_____ Yes _____ X _____ No

Identification of major programs audited:

84.425 Education Stabilization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

X Yes _____ No

Section II - Financial Statements Audit Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Section III – Major Federal Award Programs Findings and Questioned Costs

There were no findings or questioned costs.