



**CLIMAX-SCOTT'S COMMUNITY SCHOOLS
KALAMAZOO COUNTY, MICHIGAN**

FEDERAL AWARDS SUPPLEMENTARY INFORMATION

June 30, 2022

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SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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 Board of Education
Climax-Scotts Community Schools
County of Kalamazoo, State of 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 Climax-Scotts Community Schools (the District), as of and for the year ended June 30, 2022, 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 17, 2022.

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) to determine the 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 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. 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan

October 17, 2022

SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Climax-Scotts Community Schools
County of Kalamazoo, State of Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Climax-Scotts Community Schools (the District) compliance with the types of compliance requirements described 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, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 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 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 17, 2022, 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.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan
October 17, 2022

**Climax-Scotts Community Schools
Kalamazoo and Calhoun Counties Michigan
Schedule of Expenditures of Federal Awards
June 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue July 1, 2021	Prior Year Expenditures	Passed Through to Subrecipients	Total Federal Current Year Expenditures	Current Year Receipts	Accrued (Deferred) Revenue June 30, 2022
U.S. Department of Agriculture									
Nutrition Cluster									
Passed through Michigan Department of Education:									
Noncash assistance (commodities):									
National School Lunch Program - Commodities	10.555	N/A	19,977	-	-	-	19,977	19,977	-
Cash assistance:									
Seamless Summer Option - Breakfast	10.553	221971	107,625	-	-	-	107,625	107,625	-
Seamless Summer Option - Lunch	10.555	220910	13,960	-	-	-	13,960	13,960	-
Seamless Summer Option - Lunch	10.555	221961	276,579	-	-	-	276,579	276,579	-
SFSP COVID19 (Unanticipated Grant Payments)	10.555	200902	-	-	-	-	-	-	-
Emergency Operations-SNP Meals	10.555	211965	1,850	1,850	1,850	-	-	1,850	-
Subtotal National School Lunch Program (incl. commodities)			292,389	1,850	1,850	-	290,539	292,389	-
Emergency Operations-CACFP meals	10.558	211925	2,510	2,510	2,510	-	-	2,510	-
Child and Adult Care Food Program	10.558	221920	687	-	-	-	687	589	98
Child and Adult Care Food Program	10.558	211920	94	-	-	-	94	94	-
Subtotal Child and Adult Care Food Program			3,291	2,510	2,510	-	781	3,193	98
Summer Food Service for Children	10.559	210904	293,568	21,564	285,154	-	8,414	29,978	-
P-EBT Local Level Admin Cost Grant	10.649	210980	614	-	-	-	614	614	-
Total U.S. Department of Agriculture - Nutrition Cluster			717,464	25,924	289,514	-	427,950	453,776	98
U.S. Department of Education									
Passed through Michigan Department of Education:									
Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	213712-2021	157,355	157,355	157,355	-	-	157,355	-
Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	213714-2021	203,549	-	-	-	203,549	-	203,549
Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	213713-2122	811,114	-	-	-	767,030	-	767,030
Governor's Emergency Education Relief Funds (GEER II)	84.425C	211202	17,500	-	-	-	17,500	17,500	-
ESSER II - Summer Programming	84.425D	213722	38,500	-	-	-	38,500	38,500	-
Title I Part A Grants to Local Education Agencies	84.010A	211530	104,275	34,163	66,894	-	-	34,163	-
Title I Part A Grants to Local Education Agencies	84.010A	221530	134,101	-	-	-	82,760	45,535	37,225
Title II Part A Supporting Effective Instruction State Grant	84.367A	210520	22,858	6,808	22,858	-	-	6,808	-
Title II Part A Supporting Effective Instruction State Grant	84.367A	220520	15,717	-	-	-	15,717	15,312	405
Small Rural Schools Grants, Rural Education Achievement Program	84.358A		28,075	-	-	-	28,075	28,075	-
Title IV Part A Student Support and Academic Enrichment Program	84.424A	210750	10,795	44	4,396	-	-	44	-
Title IV Part A Student Support and Academic Enrichment Program	84.424A	220750	16,397	-	-	-	8,743	8,638	105
Total U.S. Department of Education			1,560,236	198,370	251,503	-	1,161,874	351,930	1,008,314
Federal Communications Commission									
Emergency Connectivity Fund	32.009		22,313	-	-	-	22,313	22,313	-
Department of Health and Human Services									
Passed through Michigan Department of Education:									
Child Care Stabilization Grant	93.575		149,035	-	-	-	32,572	149,035	(116,463)
Total Federal Awards			\$ 2,449,048	\$ 224,294	\$ 541,017	\$ -	\$ 1,644,709	\$ 977,054	\$ 891,949

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

**Climax-Scotts Community Schools
Kalamazoo and Calhoun Counties Michigan
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Climax-Scotts Community Schools (the District) under programs of the federal government for the year ended June 30, 2022. The information in this 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* (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 the financial position, changes in net assets, or cash flows of the District.

NOTE B – 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 in OMB A-87 or 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. Pass-through entity identifying numbers are presented where available.

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE C – Subrecipients

No amounts were provided to subrecipients.

NOTE D – Michigan Department of Education Disclosures

The federal amounts reported on the grant auditor report are in agreement with the schedule.

The amounts reported on the recipient entitlement balance report agrees with the Schedule for USDA donated food commodities.

**Climax-Scotts Community Schools
Kalamazoo and Calhoun Counties Michigan
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiency identified that is not considered to be a material weakness? No

Noncompliance material to combined financial statements noted? No

Federal Awards

Type of auditors' report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness identified? No

Significant deficiency identified that is not considered to be a material weakness? No

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Section 200.516 (a)? No

Major programs:

Assistance Listing Number

84.425C,D & U

Name of Federal Program or Cluster

Elementary & Secondary School Emergency Relief Fund
and Governor's Emergency Education Relief Fund

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

Auditee qualified as low-risk auditee? No

Financial Statement Audit Findings

None

Federal Program Audit Findings

None

**Climax-Scotts Community Schools
Kalamazoo and Calhoun Counties Michigan
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2022**

**Prior Audit Finding (Related to Financial
Statements)**

None

Current Status

NA

**Prior Audit Finding (Relative to Federal
Awards)**

None

Current Status

NA