

**COLDWATER
COMMUNITY SCHOOLS
Branch County, Michigan**

Additional Reports Required by
the Uniform Guidance

For the year ended June 30, 2022

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COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2022

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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***

October 27, 2022

The Board of Education
Coldwater Community Schools
Branch County, 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 Coldwater Community Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Coldwater Community Schools' basic financial statements, and have issued our report thereon dated October 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coldwater Community 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 Coldwater Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Coldwater Community 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 Coldwater Community Schools' 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.



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**

October 27, 2022

The Board of Education
Coldwater Community Schools
Branch County, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coldwater Community 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 Coldwater Community Schools' major federal program for the year ended June 30, 2022. Coldwater Community 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, Coldwater Community 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, 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 Coldwater Community 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 Coldwater Community 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 the provisions of contracts or grant agreements applicable to Coldwater Community Schools' federal programs.

Auditor's Responsibility 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 Coldwater Community 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 Coldwater Community 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 Coldwater Community 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 Coldwater Community 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 the Coldwater Community 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 have not been 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 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 Coldwater Community Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise of Coldwater Community Schools' basic financial statements. We issued our report thereon dated October 27, 2022, 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

COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2022

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U. S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I, Part A:	84.010	
211530 2021		\$ 784,997
221530 2122		<u>776,255</u>
Total Title I, Part A		<u>1,561,252</u>
Title II, Part A:	84.367	
210520 2021		207,562
220520 2122		<u>168,133</u>
Total Title II, Part A		<u>375,695</u>
Title III, Part A:	84.365	
210570 2021 - Immigrant Students		50,578
210580 2021 - Language Instruction for English Learners		102,005
220570 2122 - Language Instruction for English Learners		50,416
220580 2122 - Language Instruction for English Learners		<u>119,997</u>
Total Title III, Part A		<u>322,996</u>
Title IV, Part A:	84.424	
210750 2021		73,759
220750 2122		<u>100,306</u>
Total Title IV, Part A		<u>174,065</u>
Title V, Part B:	84.358	
220660 2122		<u>39,370</u>
Total Title V, Part B		<u>39,370</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2022
\$ 77,245	\$ 666,273	\$ 6,821	\$ 84,066	\$ -
-	-	750,132	640,465	109,667
77,245	666,273	756,953	724,531	109,667
10,093	124,222	28,939	39,032	-
-	-	29,574	28,885	689
10,093	124,222	58,513	67,917	689
1,331	14,301	-	1,331	-
2,719	47,239	3,029	5,748	-
-	-	12,480	12,279	201
-	-	112,130	110,316	1,814
4,050	61,540	127,639	129,674	2,015
-	16,047	6,463	6,463	-
-	-	61,679	61,679	-
-	16,047	68,142	68,142	-
-	-	39,370	39,370	-
-	-	39,370	39,370	-

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2022

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Education Stabilization Fund:	84.425	
201200 2021 GEER Funds K-12	84.425C	\$ 218,969
211202 2121 GEER II - 23c(4a-b) - Teacher & Support Staff Payments	84.425C	40,500
211222 2022 GEER II - 23c(4a-b) Teacher & Support Staff Payments	84.425C	23,163
203710 1920 ESSER - Formula Funds I	84.425D	567,595
213712 20-21 ESSER - Formula Funds II	84.425D	2,292,299
213722 21-22 ESSER II - 23b(2a) - Summer School	84.425D	330,000
213742 21-22 ESSER II - 23b(2b) - Credit Recovery	84.425D	132,000
213713 21-22 ESSER - Formula Funds III	84.425U	<u>5,151,840</u>
Total Education Stabilization Funds		<u>8,756,366</u>
Total Passed Through MDE		<u>11,229,744</u>
Total U.S. Department of Education		<u>11,229,744</u>
 U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE):		
Child Nutrition Cluster:		
Non-Cash Assistance (U.S.D.A. Commodities):		
Entitlement Commodities	10.555	<u>125,635</u>
Total Non-Cash Assistance		<u>125,635</u>
Cash Assistance:		
Seamless Summer Option - Breakfast	10.553	
211971		<u>449,249</u>
Total Seamless Summer Option - Breakfast		<u>449,249</u>
Seamless Summer Option - Lunch	10.555	
211961		194,465
211965		397
220910		55,274
221961		1,151,151
221980		<u>2,331</u>
Total Seamless Summer Option - Lunch		<u>1,403,618</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2022
\$ -	\$ 216,781	\$ 2,188	\$ 2,188	\$ -
-	-	40,500	37,750	2,750
-	-	23,163	-	23,163
19,236	567,372	223	19,459	-
29,925	95,235	1,432,682	1,402,377	60,230
-	-	251,291	98,366	152,925
-	-	45,595	30,270	15,325
-	-	1,390,651	1,385,789	4,862
49,161	879,388	3,186,293	2,976,199	259,255
140,549	1,747,470	4,236,910	4,005,833	371,626
140,549	1,747,470	4,236,910	4,005,833	371,626
-	-	125,635	125,635	-
-	-	125,635	125,635	-
-	-	449,249	449,249	-
-	-	449,249	449,249	-
-	-	194,465	194,465	-
-	-	397	397	-
-	-	-	55,274	(55,274)
-	-	1,151,151	1,151,151	-
-	-	2,331	2,331	-
-	-	1,348,344	1,403,618	(55,274)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2022

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Extended SFSP	10.559	
210904		\$ 245,336
220904		12,519
		<u>257,855</u>
Total Summer Food Service Program		
		<u>2,110,722</u>
Total Cash Assistance		
		<u>2,236,357</u>
Total Child Nutrition Cluster		
Child and Adult Care Food Program:	10.558	
221920		451
211925		560
212010		76
221920		4,916
222010		708
		<u>6,711</u>
Total Child and Adult Care Food Program		
Pandemic EBT Local Level Costs	10.649	
210980 2021		3,063
		<u>2,246,131</u>
Total Passed Through MDE		
		<u>2,249,194</u>
Total U.S. Department of Agriculture		
		<u>\$ 13,478,938</u>
Total Federal Financial Assistance		

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2022
\$ 127,408	\$ 1,268,941	\$ 117,928	\$ 245,336	\$ -
-	-	12,519	-	12,519
127,408	1,268,941	130,447	245,336	12,519
127,408	1,268,941	1,928,040	2,098,203	(42,755)
127,408	1,268,941	2,053,675	2,223,838	(42,755)
-	-	451	451	-
-	-	560	560	-
-	-	77	77	-
-	-	4,916	4,916	-
-	-	708	708	-
-	-	6,712	6,712	-
-	-	3,063	3,063	-
127,408	1,268,941	2,063,450	2,233,613	(42,755)
127,408	1,268,941	2,063,450	2,236,676	(42,755)
<u>\$ 267,957</u>	<u>\$ 3,016,411</u>	<u>\$ 6,300,360</u>	<u>\$ 6,242,509</u>	<u>\$ 328,871</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COLDWATER COMMUNITY SCHOOLS

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 grant activity of Coldwater Community Schools 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 Coldwater Community Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows, as applicable, of Coldwater Community 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

Coldwater Community 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 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)

COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2022

Note F – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Title I, Part A	\$ 756,953	\$ 756,953	\$ -
Title II, Part A	58,513	58,513	-
Title III, Part A	127,639	127,639	-
Title IV, Part A	68,142	68,142	-
Title V	39,370	39,370	-
Education Stabilization Fund	3,186,293	3,186,293	-
Coronavirus Relief funds	-	134,607	(134,607) *
Nutrition Cluster	2,053,675	2,053,675	-
Child and Adult Care Food Program	6,712	6,712	-
Pandemic EBT Local Level Costs	3,063	3,063	-
	<u>\$ 6,300,360</u>	<u>\$ 6,434,967</u>	<u>\$ (134,607)</u>

* The difference in Federal expenditures to Federal revenue per the financial statements is due to the determination made by the Office of Child Development & Care (CDC) that deemed recipients of the childcare component of Coronavirus Relief Funds to be beneficiaries, not subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2022

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: *Child Nutrition Cluster:*

10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program
84.425	Education Stabilization Funds

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

Auditee qualified as a 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.