

**COLDWATER
COMMUNITY SCHOOLS
Branch County, Michigan**

Additional Reports Required by
the Uniform Guidance

For the year ended June 30, 2021

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COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2021

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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 19, 2021

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, 2021, 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 19, 2021.

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) 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coldwater Community 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 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 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 19, 2021

The Board of Education
Coldwater Community Schools
Branch County, Michigan

Report on Compliance for Each Major Federal Program

We have audited Coldwater Community Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coldwater Community Schools' major federal programs for the year ended June 30, 2021. Coldwater Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Coldwater Community Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coldwater Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Coldwater Community Schools' compliance.

Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Coldwater Community Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Coldwater Community Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coldwater Community Schools' 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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, 2021, 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 19, 2021, 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.

Hungerford Nichols

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, 2021

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	
201530 1920		\$ 750,278
211530 2021		<u>784,997</u>
Total Title I, Part A		<u>1,535,275</u>
Title II, Part A:	84.367	
200520 1920		207,049
210520 2021		<u>207,562</u>
Total Title II, Part A		<u>414,611</u>
Title III, Part A:	84.365	
200570 1920 - Immigrant Students		45,663
210570 2021 - Immigrant Students		50,578
210580 2021 - Language Instruction for English Learners		<u>102,005</u>
Total Title III, Part A		<u>198,246</u>
Title IV, Part A:	84.424	
200750 1920		68,073
210750 2021		<u>73,759</u>
Total Title IV, Part A		<u>141,832</u>
Title V, Part B:	84.358	
200660 2021		<u>59,417</u>
Total Title V, Part B		<u>59,417</u>
Education Stabilization Fund:	84.425	
201200 2021 GEER Funds K-12	84.425C	218,969
203710 1920 ESSER - Formula Funds I	84.425D	567,595
203720 1920 ESSER - Education Equity Funds	84.425D	113,519
203712 20-21 ESSER - Formula Funds II	84.425D	<u>999,443</u>
Total Education Stabilization Funds		<u>1,899,526</u>
Total Passed Through MDE		<u>4,248,907</u>
Total U.S. Department of Education		<u>4,248,907</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2020	Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued Deferred) Revenue At June 30, 2021
\$ 81,489	\$ 640,959	\$ -	\$ 81,489	\$ -
-	-	666,273	589,028	77,245
81,489	640,959	666,273	670,517	77,245
16,691	121,211	-	16,691	-
-	-	124,222	114,129	10,093
16,691	121,211	124,222	130,820	10,093
466	46,129	2,804	3,270	-
-	-	14,301	12,970	1,331
-	-	47,239	44,520	2,719
466	46,129	64,344	60,760	4,050
-	-	3,692	3,692	-
-	-	16,047	16,047	-
-	-	19,739	19,739	-
-	-	20,047	20,047	-
-	-	20,047	20,047	-
-	-	216,781	216,781	-
-	-	567,372	548,136	19,236
-	-	113,519	113,519	-
-	-	95,235	65,310	29,925
-	-	992,907	943,746	49,161
98,646	808,299	1,887,532	1,845,629	140,549
98,646	808,299	1,887,532	1,845,629	140,549

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Treasury		
Passed Through Michigan Department of Education (MDE :		
Coronavirus Relief Funds:	21.019	
103(2) - District COVID Costs		\$ 35,161
11p - Coronavirus Relief Funds		<u>998,907</u>
Total passed through MDE		1,034,068
Passed Through Michigan Association of		
Intermediate School Administrators (MAISA):		
Coronavirus Relief Funds:	21.019	
CRF Device Purchasing Program		<u>21,366</u>
Total Coronavirus Relief Funds		<u>1,055,434</u>
Total U.S. Department of Treasury		<u>1,055,434</u>
U.S. Department of Agriculture		
Passed through Michigan Department of Education MDE :		
Child Nutrition Cluster:		
Non-Cash Assistance U.S.D.A. Commodities :	10.555	
Entitlement Commodities		107,283
Bonus Commodities		<u>678</u>
Total Non-Cash Assistance		<u>107,961</u>
Cash Assistance:		
Lunch Program	10.555	
200902 SFSP COVID-19		<u>112,632</u>
Summer Food Service Program	10.559	
200900 SFSP Operating		250,845
210904 SFSP Operating		<u>1,268,942</u>
Total Summer Food Service Program		<u>1,519,787</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2020	Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued Deferred) Revenue At June 30, 2021
\$ -	\$ -	\$ 35,161	\$ 35,161	\$ -
-	-	998,907	998,907	-
-	-	1,034,068	1,034,068	-
-	-	21,366	21,366	-
-	-	1,055,434	1,055,434	-
-	-	1,055,434	1,055,434	-
-	-	107,283	107,283	-
-	-	678	678	-
-	-	107,961	107,961	-
112,632	112,632	-	112,632	-
-	-	250,845	250,845	-
-	-	1,268,941	1,141,533	127,408
-	-	1,519,786	1,392,378	127,408

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Total Cash Assistance		<u>\$ 1,632,419</u>
Total Child Nutrition Cluster		<u>1,740,380</u>
Total Passed Through MDE		<u>1,740,380</u>
Total U.S. Department of Agriculture		<u>1,740,380</u>
U.S. Department of Health and Human Services		
Passed Through Michigan Department of Education MDE :		
Child Care Development Fund CCDF Cluster:		
Child Care and Development Block Grant:	93.575	
CARES - Child Care Relief		<u>19,800</u>
Total U.S. Department of Health and Human Services		<u>19,800</u>
Total Federal Financial Assistance		<u><u>\$ 7,064,521</u></u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2020	Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued Deferred) Revenue At June 30, 2021
\$ 112,632	\$ 112,632	\$ 1,519,786	\$ 1,505,010	\$ 127,408
112,632	112,632	1,627,747	1,612,971	127,408
112,632	112,632	1,627,747	1,612,971	127,408
112,632	112,632	1,627,747	1,612,971	127,408
19,800	19,800	-	19,800	-
19,800	19,800	-	19,800	-
\$ 231,078	\$ 940,731	\$ 4,570,713	\$ 4,533,834	\$ 267,957

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COLDWATER COMMUNITY SCHOOLS

For the year ended June 30, 2021

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, 2021. 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 assets, 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 Cash Management System (CMS) 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, 2021

Note F – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Title I, Part A	\$ 666,273	\$ 666,273	\$ -
Title II, Part A	124,222	124,222	-
Title III, Part A	64,344	64,344	-
Title IV, Part A	19,739	19,739	-
Title V	20,047	20,047	-
Education Stabilization Fund	992,907	992,907	-
Coronavirus Relief funds	1,055,434	1,095,427	39,993)
Nutrition Cluster	1,627,747	1,627,747	-
	<u>\$ 4,570,713</u>	<u>\$ 4,610,706</u>	<u>\$ 39,993</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 child care 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, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weaknesses 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 weaknesses 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:

21.019	Coronavirus Relief Funds
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.