

MICHIGAN GREAT LAKES VIRTUAL ACADEMY

MANISTEE, MICHIGAN

SINGLE AUDIT

JUNE 30, 2020



Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
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MANISTEE, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2020

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October 9, 2020

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 Board of Education
Michigan Great Lakes Virtual Academy
Manistee, 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 and the major fund of Michigan Great Lakes Virtual Academy, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Michigan Great Lakes Virtual Academy's basic financial statements, and have issued our report thereon dated October 9, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Michigan Great Lakes Virtual Academy'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 Michigan Great Lakes Virtual Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Michigan Great Lakes Virtual Academy'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. 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 Michigan Great Lakes Virtual Academy'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 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.

BAIRD, COTTER AND BISHOP, P.C.

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October 9, 2020

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

To the Board of Education
Michigan Great Lakes Virtual Academy
Manistee, Michigan

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Michigan Great Lakes Virtual Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Michigan Great Lakes Virtual Academy's major federal program for the year ended June 30, 2020. Michigan Great Lakes Virtual Academy's major federal program is 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 Michigan Great Lakes Virtual Academy's 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 Michigan Great Lakes Virtual Academy's 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 on Michigan Great Lakes Virtual Academy's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, Michigan Great Lakes Virtual Academy 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 program for the year ended June 30, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Michigan Great Lakes Virtual Academy 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 Michigan Great Lakes Virtual Academy's 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 our 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 the Michigan Great Lakes Virtual Academy's 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.

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 Michigan Great Lakes Virtual Academy, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Michigan Great Lakes Virtual Academy's basic financial statements. We issued our report thereon dated October 9, 2020, 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 the 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.

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.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MICHIGAN GREAT LAKES VIRTUAL ACADEMY
MANISTEE, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (UNEARNED) REVENUE JULY 1, 2019	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (UNEARNED) REVENUE JUNE 30, 2020	CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT	ADJUSTMENTS
U.S. Department of Education									
Passed Through Michigan Department of Education (M.D.E.)									
Title I A Grants to Local Education Agencies									
Project No. 201530-1920	84.010A	\$ 1,155,602	\$ 0	\$ 0	\$ 882,683	\$ 393,122	\$ 489,561	\$ 0	\$ 0
Project No. 191530-1819	84.010A	1,253,367	565,174	888,152	260,520	825,694	0	0	0
Total Title I A Passed Through Michigan Department of Education (M.D.E.)	84.010A	2,408,969	565,174	888,152	1,143,203	1,218,816	489,561	0	0
Passed Through Manistee Intermediate School District (I.S.D.)									
Title I A Regional Assistance									
Project No. 201570-1920	84.010A	30,217	0	0	30,217	30,217	0	0	0
Total Title I A	84.010A	2,439,186	565,174	888,152	1,173,420	1,249,033	489,561	0	0
Passed Through Michigan Department of Education (M.D.E.)									
Title II A - Improving Teacher Quality									
Project No. 200520-1920	84.367	212,100	0	0	127,774	62,407	65,367	0	0
Project No. 190520-1819	84.367	259,780	101,652	164,846	37,704	139,356	0	0	0
Total Title IIA	84.367	471,880	101,652	164,846	165,478	201,763	65,367	0	0
Title IV Part A SSAE									
Project No. 200750-1920	84.424	82,351	0	0	47,649	38,280	9,369	0	0
Project No. 190750-1819	84.424	79,589	40,393	60,491	5,778	46,171	0	0	0
Total Title IV	84.424	161,940	40,393	60,491	53,427	84,451	9,369	0	0
Passed Through Manistee Intermediate School District (I.S.D.)									
Special Education - Flowthrough - IDEA									
Project No. 200450-1920	84.027A	187,796	0	0	187,796	112,688	75,108	0	0
Project No. 190450-1819	84.027A	493,894	194,516	194,516	299,378	362,173	131,721	0	0
Project No. 180450-1718	84.027A	473,281	240,551	240,551	0	240,551	0	0	0
Total IDEA		1,154,971	435,067	435,067	487,174	715,412	206,829	0	0
Total U.S. Department of Education		4,227,977	1,142,286	1,548,556	1,879,499	2,250,659	771,126	0	0
Total Federal Financial Assistance		\$ 4,227,977	\$ 1,142,286	\$ 1,548,556	\$ 1,879,499	\$ 2,250,659	\$ 771,126	\$ 0	\$ 0

(C) (D)
The accompanying notes are an integral part of this schedule.

MICHIGAN GREAT LAKES VIRTUAL ACADEMY
MANISTEE, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(A) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) includes the federal grant activity of Michigan Great Lakes Virtual Academy under programs of the federal government for the year ended June 30, 2020. 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* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Michigan Great Lakes Virtual Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of Michigan Great Lakes Virtual Academy.

(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 contained in the Uniform Guidance and in OMB Circular A-87, Cost Principles for States, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) 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. Michigan Great Lakes Virtual Academy has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. The Academy does not pass through federal funds to sub recipients.

(C) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Federal Sources - Per Basic Financial Statements (Page 4)	<u>\$ 1,879,499</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,879,499</u>

(D) Reconciliation of Grant Auditor Report with Schedule of Expenditures of Federal Awards

Management has utilized the cash management system (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards:

Current Cash Payments per Cash Management System (CMS)		\$1,505,028
IDEA passed through from Manistee Intermediate School District	\$ 715,412	
Title I Regional Assistance passed through from Manistee Intermediate School District	<u>30,217</u>	745,629
Rounding		<u>2</u>
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards		<u>\$2,250,659</u>

MICHIGAN GREAT LAKES VIRTUAL ACADEMY
MANISTEE, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

MICHIGAN GREAT LAKES VIRTUAL ACADEMY
MANISTEE, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP):

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 Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Part A

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

Auditee qualified as low-risk auditee under Title 2 CFR Section 200.520? X Yes _____ No

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MANISTEE, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

