

MICHIGAN GREAT LAKES VIRTUAL ACADEMY

MANISTEE, MICHIGAN

SINGLE AUDIT

JUNE 30, 2023

MICHIGAN GREAT LAKES VIRTUAL ACADEMY

MANISTEE, MICHIGAN

SINGLE AUDIT

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*

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, 2023, 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 16, 2023.

REPORT ON 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.

REPORT ON 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.

UHY LLP

Cadillac, Michigan
October 16, 2023

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

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Michigan Great Lakes Virtual Academy’s 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 each of Michigan Great Lakes Virtual Academy’s major federal programs for the year ended June 30, 2023. Michigan Great Lakes Virtual Academy’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, 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 programs 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 Michigan Great Lakes Virtual Academy 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 Michigan Great Lakes Virtual Academy’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 Michigan Great Lakes Virtual Academy’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 Michigan Great Lakes Virtual Academy’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 Michigan Great Lakes Virtual Academy'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 Michigan Great Lakes Virtual Academy'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 Michigan Great Lakes Virtual Academy'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 Michigan Great Lakes Virtual Academy'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 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.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited 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, 2023, 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 16, 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. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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.

UHY LLP

Cadillac, Michigan
October 16, 2023

MICHIGAN GREAT LAKES VIRTUAL ACADEMY
MANISTEE, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (UNEARNED) REVENUE JULY 1, 2022	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (UNEARNED) REVENUE JUNE 30, 2023	CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENTS
U.S. Department of Education										
Passed Through Michigan Department of Education (M.D.E.)										
Title I A Grants to Local Education Agencies										
84-010A	231530-2223		1,471,222	0	0	0	1,469,469	1,350,175	119,294	0
84-010A	221530-2122		1,593,707	348,573	1,452,035	0	130,300	478,873	0	0
Total Title I A Passed Through										
Michigan Department of Education (M.D.E.)										
Passed Through Manistee Intermediate School District (I.S.D.)										
84-010A	231530-2223		81,157	0	0	0	81,156	0	81,156	0
84-010A	221530-2122		219,898	97,900	97,900	0	121,998	182,885	37,013	0
Total Title I A Passed Through										
Manistee Intermediate School District (I.S.D.)										
Total Title I A										
Passed Through Michigan Department of Education (M.D.E.)										
Title II A - Improving Teacher Quality										
84-367A	230520-2223		189,504	0	0	0	143,519	129,518	14,001	0
84-367A	220520-2122		208,463	39,720	191,025	0	16,589	56,309	0	0
Total Title IIA										
Title IV Part A SSAE										
84-424A	230750-2223		148,005	0	0	0	113,803	57,628	56,175	0
84-424A	220750-2122		119,126	20,082	59,169	0	4,504	24,586	0	0
Total Title IV										
Title V Part B Rural and Low Income										
84-358B	230660-2223		152,529	0	0	0	79,512	61,340	18,172	0
84-358B	220660-2122		68,039	10,929	49,226	0	1,890	12,819	0	0
Total Title V										
Education Stabilization Fund										
COVID-19 Elementary and Secondary School Emergency Relief Fund										
84-425U	213713-2122		9,058,855	0	0	0	965,415	668,154	297,261	0
(ESSER III Formula Funds)										
COVID-19 Elementary and Secondary School Emergency Relief Fund										
84-425D	213712-2021		4,370,168	596,761	1,546,769	0	2,209,847	1,956,629	849,979	0
(ESSER II Formula Funds)										
COVID-19 Elementary and Secondary School Emergency Relief Fund										
84-425D	213762-2022		22,975	22,975	22,975	0	0	22,975	0	0
(ESSER II Benchmark Assessment Funding)										
Total Education Stabilization Fund										
Passed Through Manistee Intermediate School District (I.S.D.)										
Special Education - Flowthrough - IDEA										
84-027A	230450-2223		486,950	486,950	486,950	0	409,947	0	409,947	0
84-027A	220450-2122		486,950	486,950	486,950	0	325,478	486,950	325,478	0
Total IDEA										
Total U.S. Department of Education										
Total Federal Financial Assistance										
Total U.S. Department of Education										
Total Federal Financial Assistance										
Total U.S. Department of Education										
Total Federal Financial Assistance										

(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, 2023

(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, 2023. 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, 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. Michigan Great Lakes Virtual Academy does not pass-through federal awards to other governments or organizations.

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

Revenues from Federal Sources - Per Basic Financial Statements (Page 13)	\$ 6,073,427
Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 6,073,427</u>

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

The Academy has utilized the Grant Auditor Report in preparing the schedule of expenditures of federal awards.

Current Cash Payments per Cash Management System (CMS)		\$ 4,819,005
Adjustments:		
Passed Through Manistee Intermediate School District:		
Title I Part A	\$ 182,885	
Special Education - IDEA	<u>486,950</u>	669,835
Rounding		<u>1</u>
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards		<u>\$ 5,488,841</u>

MICHIGAN GREAT LAKES VIRTUAL ACADEMY
MANISTEE, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I – Financial Statement Findings

2022-001 Unfavorable Budget Variance

Type: Material Noncompliance

Criteria: Michigan Public Act 621 of 1978, as amended, provides that the Academy adopt formal budgets for all applicable funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures. The Act also prohibits the Academy from appropriating more funds for expenditure than is available through current revenue sources and any accrued surplus or deficit from previous years.

Condition and Context: The Academy had adopted budget items that were exceeded by actual expenditures by a material amount.

Cause: The condition was caused by the Academy ineffectively monitoring the adopted budget against actual expenditures.

Effect: The Academy was not in compliance with the budgeting act.

Recommendation: The Academy should continue to monitor expenditures against adopted budgets to make appropriate amendments as needed.

View of Responsible Officials: The Academy is aware of the situation and will continue to monitor the budget more closely to ensure this situation does not occur again.

Status: Corrected

Section II – 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, 2023

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:

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>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D & 84.425U 84.010A	Education Stabilization Funds 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 2 CFR Section 200.520?

_____ Yes X No

MICHIGAN GREAT LAKES VIRTUAL ACADEMY
MANISTEE, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

