
Lake Shore Public Schools

**Federal Awards
Supplemental Information
June 30, 2018**

Independent Auditor's Reports

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Plante & Moran, PLLC
 Suite 300
 19176 Hall Road
 Clinton Township, MI 48038
 Tel: 586.416.4900
 Fax: 586.416.4901
 plantemoran.com

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
 Lake Shore Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Shore Public Schools (the "School District") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 11, 2018, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 11, 2018.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 11, 2018

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*

Independent Auditor's Report

To Management and the Board of Education
Lake Shore Public Schools

We have audited, in accordance with 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 Lake Shore Public Schools (the "School District") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 11, 2018.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District'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*.

To Management and the Board of Education
Lake Shore Public Schools

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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 11, 2018

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Education
Lake Shore Public Schools

Report on Compliance for Each Major Federal Program

We have audited Lake Shore Public Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2018. The School District'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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District'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* (the "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 the School District'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 of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District 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, 2018.

Report on Internal Control Over Compliance

Management of the School District 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 the School District'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 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 the School District's internal control over compliance.

To the Board of Education
Lake Shore Public Schools

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.

Plante & Moran, PLLC

October 11, 2018

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2017	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2018	Current Year Cash Transferred to Subrecipient
Clusters:									
Child Nutrition Cluster -									
U.S. Department of Agriculture - Passed through the Michigan Department of Education:									
Noncash assistance (commodities) - National School Lunch Program - Entitlement Commodities									
	10.555	\$ 78,616	\$ -	\$ -	\$ -	\$ 76,071	\$ 76,071	\$ -	\$ -
Cash assistance:									
National School Lunch Program - 171960	10.555	466,527	466,527	22,790	-	22,790	-	-	-
National School Lunch Program - 181960	10.555	505,490	-	-	-	414,412	505,490	91,078	-
National School Lunch Program (incl. commodities) Subtotal		1,050,633	466,527	22,790	-	513,273	581,561	91,078	-
Summer Food Service Program for Children - 160900, 161900	10.559	27,194	27,194	3,069	-	3,069	-	-	-
Summer Food Service Program for Children - 170900, 171900	10.559	23,485	-	-	-	23,485	23,485	-	-
Summer Food Service Program Subtotal		50,679	27,194	3,069	-	26,554	23,485	-	-
National School Breakfast Program - 171970	10.553	103,550	103,550	6,011	-	6,011	-	-	-
National School Breakfast Program - 181970	10.553	107,943	-	-	-	88,296	107,943	19,647	-
National School Breakfast Program Subtotal		211,493	103,550	6,011	-	94,307	107,943	19,647	-
Total Child Nutrition Cluster		1,312,805	597,271	31,870	-	634,134	712,989	110,725	-
Special Education Cluster - U.S. Department of Education - Passed through the Macomb County ISD - IDEA:									
Special Education - Grants to States (IDEA, Part B) - IDEA, Part B:									
Project number 170-450-1617	84.027	1,589,845	1,325,171	536,002	-	708,411	264,674	92,265	-
Project number 180-450-1718		1,681,051	-	-	-	1,104,504	1,681,051	576,547	-
Subtotal IDEA, Part B		3,270,896	1,325,171	536,002	-	1,812,915	1,945,725	668,812	-
Special Education - Preschool Grants (IDEA Preschool) - Project number 180-460-1718	84.173	22,169	-	-	-	22,169	22,169	-	-
Total Special Education Cluster		3,293,065	1,325,171	536,002	-	1,835,084	1,967,894	668,812	-

See notes to schedule of expenditures of federal awards.

Lake Shore Public Schools

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2018

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2017	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2018	Current Year Cash Transferred to Subrecipient
Other federal awards:									
U.S. Department of Education:									
Direct programs - Indian Education:									
2016/2017 - S060A120281	84.060	\$ 74,688	\$ 74,688	\$ 38	\$ -	\$ 38	\$ -	\$ -	\$ -
2017/2018 - S060A120281		<u>63,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,137</u>	<u>63,137</u>	<u>-</u>	<u>-</u>
Total Indian Education		137,825	74,688	38	-	63,175	63,137	-	-
Passed through the Michigan Department of Education -									
Title I, Part A - Improving Basic Programs:									
Project number 16-1530-1516	84.010	319,995	33,369	33,369	-	33,369	-	-	-
Project number 17-1530-1617		319,995	319,995	319,995	-	319,995	-	-	-
Project number 18-1530-1718		<u>322,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,642</u>	<u>298,902</u>	<u>118,260</u>	<u>-</u>
Total Title I, Part A		962,984	353,364	353,364	-	534,006	298,902	118,260	-
Title II, Part A:									
Project number 16-0520-1516	84.367	77,056	77,056	52,489	-	52,489	-	-	-
Project number 17-0520-1617		74,473	8,633	8,633	-	74,473	65,840	-	-
Project number 18-0520-1718		<u>86,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,466</u>	<u>82,103</u>	<u>53,637</u>	<u>-</u>
Total Title II, Part A		237,814	85,689	61,122	-	155,428	147,943	53,637	-
Title III, Immigrant -									
Project number 180570-1718	84.365	6,016	-	-	-	-	6,016	6,016	-
Title IV -									
Project number 180750-1718	84.424	10,000	-	-	-	-	6,895	6,895	-
Passed through the Macomb County ISD -									
Career and Technical Education - Basic Grants to States									
(Perkins IV) - Project number 17-3520-171216	84.048	20,000	20,000	14,278	-	14,278	-	-	-
(Perkins IV) - Project number 18-3520-181216		<u>17,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,832</u>	<u>15,207</u>	<u>5,375</u>	<u>-</u>
Total Career and Technical Education - Basic Grants to States		37,000	20,000	14,278	-	24,110	15,207	5,375	-
Adult Education									
Project number 171120-175187 - Passed through other local school districts	84.002	26,000	26,000	17,717	-	17,717	-	-	-
Project number 171130-171189 - Passed through other local school districts		40,000	39,998	17,574	-	17,574	-	-	-
Project number 181130-181714 - Passed through the Michigan Department of Education		<u>63,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,922</u>	<u>63,547</u>	<u>14,625</u>	<u>-</u>
Total Adult Education		129,547	65,998	35,291	-	84,213	63,547	14,625	-
Total U.S. Department of Education noncluster programs		1,521,186	599,739	464,093	-	860,932	601,647	204,808	-

See notes to schedule of expenditures of federal awards.

Lake Shore Public Schools

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2018

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2017	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2018	Current Year Cash Transferred to Subrecipient
Other federal awards (Continued):									
Employment Services Training Contracts with the Macomb/St. Clair Workforce Development Board, Incorporated - Contract - 15-19-227:									
U.S. Department of Labor - Employment Services Cluster - Wagner-Peyser Act 16/17	17.207	\$ 2,897,987	\$ 849,262	\$ 114,631	\$ (18,275)	\$ 96,356	\$ -	\$ -	\$ -
U.S. Department of Labor - Employment Services Cluster - Wagner-Peyser Act 17/18	17.207		-	-	-	652,975	804,077	151,102	-
U.S. Department of Labor - Unemployment Insurance State Admin Funds 16/17	17.225		142,459	-	18,275	18,275	-	-	-
U.S. Department of Labor - Unemployment Insurance State Admin Funds 17/18	17.225		-	-	-	248,987	248,987	-	-
U.S. Department of Labor - WIA Cluster Workforce Investment Act, Dislocated Workers 16/17	17.278		170,933	19,499	-	19,499	-	-	-
U.S. Department of Labor - WIA Cluster Workforce Investment Act, Dislocated Workers 17/18	17.278		-	-	-	156,848	156,848	-	-
U.S. Department of Labor - WIA Cluster - Workforce Investment Act, Adult Programs 16/17	17.258		170,933	19,499	-	19,499	-	-	-
U.S. Department of Labor - WIA Cluster - Workforce Investment Act, Adult Programs 17/18	17.258		-	-	-	156,848	156,848	-	-
Total Employment Services Training Contracts with the Macomb/St. Clair Workforce Development Board, Incorporated		2,897,987	1,333,587	153,629	-	1,369,287	1,366,760	151,102	-
Jobs, Education, and Training (PATH/JET) Contracts with the Macomb/St. Clair Workforce Development Board, Incorporated - Contracts: 15-19-225, 15-19-224, 15-19-226, 17-19-228									
U.S. Department of Health and Human Services - TANF Cluster - Temporary Assistance for Needy Families 16/17	93.558	2,857,980	386,718	9,857	-	9,857	-	-	-
Temporary Assistance for Needy Families 17/18			-	-	-	200,476	211,595	11,119	-
		2,857,980	386,718	9,857	-	210,333	211,595	11,119	-
Total federal awards		\$ 11,883,023	\$ 4,242,486	\$ 1,195,451	\$ -	\$ 4,909,770	\$ 4,860,885	\$ 1,146,566	\$ -

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lake Shore Public Schools (the "School District") under programs of the federal government for the year ended June 30, 2018. The information in the 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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular 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 School District has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Note 5 - Nonfederal Funding Sources

During the year ended June 30, 2018, the School District received \$289,891 in revenue from the State of Michigan, passed through the Macomb/St. Clair Workforce Development Board, to settle School District reimbursement requests under the Jobs, Education, and Training (JET) Program and the Employment Services Program. The related expenditures and cash receipts are not included on the schedule of expenditures of federal awards.

Note 6 - Adjustments and Transfers

Adjustments and transfers of \$18,275 represent a reclassification of the funding source provided to the School District, as directed by the pass-through agency.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

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 that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.027, 84.173	Special Education Cluster	Unmodified

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

Auditee qualified as low-risk auditee? _____ X Yes _____ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None