

# **Lake Shore Public Schools**

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**Federal Awards  
Supplemental Information  
June 30, 2017**

# Lake Shore Public Schools

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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, 2017 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 23, 2017, which contained unmodified opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. 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 23, 2017.

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 23, 2017

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 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 Lake Shore Public Schools (the "School District") as of and for the year ended June 30, 2017 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 23, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lake Shore Public 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 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.

To Management and the Board of Education  
Lake Shore Public Schools

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lake Shore Public 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 School District'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 23, 2017

Report on Compliance for Each Major Federal Program;  
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 each of its major federal programs for the year ended June 30, 2017. Lake Shore Public 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 Lake Shore Public 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* (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 Lake Shore Public 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 Lake Shore Public Schools' compliance.

To the Board of Education  
Lake Shore Public Schools

### ***Opinion on Each Major Federal Program***

In our opinion, Lake Shore Public 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, 2017.

### **Report on Internal Control Over Compliance**

Management of Lake Shore Public 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 Lake Shore Public 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 the School District'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.

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.

*Alente & Morse, PLLC*

October 23, 2017

# Lake Shore Public Schools

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
<b>Clusters:</b>									
<b>Child Nutrition Cluster -</b>									
U.S. Department of Agriculture - Passed through the Michigan Department of Education:									
Noncash assistance (commodities) - National School Lunch Program - Entitlement Commodities									
	10.555	\$ 85,842	\$ -	\$ -	\$ -	\$ 85,842	\$ 85,842	\$ -	\$ -
Cash assistance:									
National School Lunch Program - 161960	10.555	514,158	514,158	28,957	-	28,957	-	-	-
National School Lunch Program - 171960	10.555	466,527	-	-	-	443,737	466,527	22,790	-
National School Lunch Program (incl. commodities) Subtotal		1,066,527	514,158	28,957	-	558,536	552,369	22,790	-
Summer Food Service Program for Children - 150900	10.559	21,995	21,995	3,063	-	3,063	-	-	-
Summer Food Service Program for Children - 160900, 161900	10.559	27,194	-	-	-	24,125	27,194	3,069	-
Summer Food Service Program Subtotal		49,189	21,995	3,063	-	27,188	27,194	3,069	-
National School Breakfast Program - 161970	10.553	93,755	93,755	5,563	-	5,563	-	-	-
National School Breakfast Program - 171970	10.553	103,550	-	-	-	97,539	103,550	6,011	-
National School Breakfast Program Subtotal		197,305	93,755	5,563	-	103,102	103,550	6,011	-
Total Child Nutrition Cluster		1,313,021	629,908	37,583	-	688,826	683,113	31,870	-
<b>Supplemental Nutrition Assistance Program Cluster (SNAP) - U.S. Department of Agriculture - Passed through the Macomb/St. Clair Workforce Development Board - Contracts 15-19-224, 15-19-225, 15-19-226, 17-19-228:</b>									
State Administrative Matching Grants for SNAP Contracts: 15/16	10.561	138,737	138,736	12,901	-	12,901	-	-	-
State Administrative Matching Grants for SNAP Contracts: 16/17		40,418	-	-	-	11,377	11,377	-	-
Total SNAP Contracts		179,155	138,736	12,901	-	24,278	11,377	-	-
<b>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:</b>									
Project number 150-450-1415	84.027	1,262,802	579,336	200,969	-	200,969	-	-	-
Project number 160-450-1516		1,715,938	1,165,224	409,277	-	959,991	550,714	-	-
Project number 170-450-1617		1,373,567	-	-	-	789,169	1,325,171	536,002	-
Subtotal IDEA, Part B		4,352,307	1,744,560	610,246	-	1,950,129	1,875,885	536,002	-
<b>Special Education - Preschool Grants (IDEA Preschool):</b>									
Project number 160-460-1516	84.173	23,144	18,347	5,067	-	9,864	4,797	-	-
Project number 170-460-1617		26,626	-	-	-	26,626	26,626	-	-
Subtotal IDEA, Preschool		49,770	18,347	5,067	-	36,490	31,423	-	-
Total Special Education Cluster		4,402,077	1,762,907	615,313	-	1,986,619	1,907,308	536,002	-

See Notes to Schedule of Expenditures of Federal Awards.



# Lake Shore Public Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Other federal awards:									
U.S. Department of Education:									
Direct programs - Indian Education - S060A120281	84.060	\$ 74,688	\$ -	\$ -	\$ -	\$ 74,650	\$ 74,688	\$ 38	\$ -
Passed through the Michigan Department of Education -									
Title I, Part A - Improving Basic Programs:	84.010								
Project number 15-1530-1415		285,363	17,252	14,264	-	14,264	-	-	-
Project number 16-1530-1516		319,995	249,940	249,940	-	249,940	33,369	33,369	-
Project number 17-1530-1617		319,995	-	-	-	-	319,995	319,995	-
Total Title I, Part A		925,353	267,192	264,204	-	264,204	353,364	353,364	-
Title II, Part A:	84.367								
Project number 15-0520-1415		81,223	58,738	21,855	-	21,855	-	-	-
Project number 16-0520-1516		77,056	-	-	-	24,567	77,056	52,489	-
Project number 17-0520-1617		74,473	-	-	-	-	8,633	8,633	-
Total Title II, Part A		232,752	58,738	21,855	-	46,422	85,689	61,122	-
Title III, Immigrant -									
Project number 170570-1617	84.365	19,150	-	-	-	3,583	3,583	-	-
Passed through the Macomb County ISD -									
Career and Technical Education - Basic Grants to States (Perkins IV) - Project number 16-3520-161216 (Perkins IV) - Project number 17-3520-171216	84.048	18,000 20,000	17,747 -	7,836 -	- -	7,836 5,722	20,000 -	14,278 -	- -
Total Career and Technical Education - Basic Grants to States		38,000	17,747	7,836	-	13,558	20,000	14,278	-
Passed through Other Local School Districts - Adult Education:									
Project number 161120-165187	84.002	20,000	19,990	8,050	-	8,050	-	-	-
Project number 161130-161189		52,000	52,000	9,234	-	9,234	-	-	-
Project number 171120-175187		26,000	-	-	-	8,283	26,000	17,717	-
Project number 171130-171189		40,000	-	-	-	22,424	39,998	17,574	-
Total Adult Education		138,000	71,990	17,284	-	47,991	65,998	35,291	-
Total U.S. Department of Education noncluster programs		1,427,943	415,667	311,179	-	450,408	603,322	464,093	-

See Notes to Schedule of Expenditures of Federal Awards.

# Lake Shore Public Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2017	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 15/16	17.207	\$ 2,933,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Labor - Employment Services Cluster - Wagner-Peyser Act 16/17	17.207	-	-	-	(125,750)	125,750	-	-	-
U.S. Department of Labor - Unemployment Insurance State Admin Funds 15/16	17.225	-	773,774	125,750	125,750	-	849,262	114,631	-
U.S. Department of Labor - Unemployment Insurance State Admin Funds 16/17	17.225	-	-	-	-	142,459	142,459	-	-
U.S. Department of Labor - WIA Cluster - Workforce Investment Act, Dislocated Workers 15/16	17.278	-	257,202	-	-	-	-	-	-
U.S. Department of Labor - WIA Cluster - Workforce Investment Act, Dislocated Workers 16/17	17.278	-	-	-	-	151,434	170,933	19,499	-
U.S. Department of Labor - WIA Cluster - Workforce Investment Act, Adult Programs 15/16	17.258	-	257,202	-	-	-	-	-	-
U.S. Department of Labor - WIA Cluster - Workforce Investment Act, Adult Programs 16/17	17.258	-	-	-	-	151,434	170,933	19,499	-
Total Employment Services Training Contracts with the Macomb/St. Clair Workforce Development Board, Incorporated		2,933,692	1,288,178	125,750	-	1,305,708	1,333,587	153,629	-
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	2,338,758	737,030	15,025	-	391,886	386,718	9,857	-
Total federal awards		\$ 12,594,646	\$ 4,972,426	\$ 1,117,751	\$ -	\$ 4,847,725	\$ 4,925,425	\$ 1,195,451	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

# Lake Shore Public Schools

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

### 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 under programs of the federal government for the year ended June 30, 2017. 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 Lake Shore Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lake Shore Public Schools.

The School District did not have any payments to subrecipients during the reporting period.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on 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.

Entity has elected not to use the 10 percent *de minimus* 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.

# **Lake Shore Public Schools**

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## **Notes to Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017**

### **Note 5 - Nonfederal Funding Sources**

During the year ended June 30, 2017, the School District received \$528,960 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 \$125,750 represent a reclassification of the funding source provided to the School District, as directed by the pass-through agency.

# Lake Shore Public Schools

## Schedule of Findings and Questioned Costs Year Ended June 30, 2017

### 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  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  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 Section 2 CFR 200.516 (a)?  Yes  No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
17.258, 17.278	WIA Cluster
17.225	Unemployment Insurance
93.558	TANF Cluster
17.207	Employment Services Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None