

# **Lake Shore Public Schools**

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**Federal Awards  
Supplemental Information  
June 30, 2016**

# 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, 2016 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 19, 2016, 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 19, 2016.

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 19, 2016

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, 2016 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 19, 2016.

**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 19, 2016

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, 2016. 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 the requirements of laws, regulations, contracts, and grants applicable to each of 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, 2016.

### **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.

*Plante & Morse, PLLC*

October 19, 2016

# Lake Shore Public Schools

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2016
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	\$ 74,283	\$ -	\$ -	\$ -	\$ 74,283	\$ 74,283	\$ -
Cash assistance:								
National School Lunch Program - 151960	10.555	512,065	512,065	21,249	-	21,249	-	-
National School Lunch Program - 161960	10.555	514,158	-	-	-	485,201	514,158	28,957
National School Lunch Program (incl. commodities) subtotal		1,100,506	512,065	21,249	-	580,733	588,441	28,957
Summer Food Service Program for Children - 140900, 141900	10.559	20,156	20,156	1,836	-	1,836	-	-
Summer Food Service Program for Children - 150900	10.559	21,995	-	-	-	18,932	21,995	3,063
Summer Food Service Program subtotal		42,151	20,156	1,836	-	20,768	21,995	3,063
National School Breakfast Program - 151970	10.553	99,777	99,777	4,411	-	4,411	-	-
National School Breakfast Program - 161970	10.553	93,755	-	-	-	88,192	93,755	5,563
National School Breakfast Program subtotal		193,532	99,777	4,411	-	92,603	93,755	5,563
Total Child Nutrition Cluster		1,336,189	631,998	27,496	-	694,104	704,191	37,583
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:								
	10.561	142,332	142,332	13,700	-	13,700	-	-
State Administrative Matching Grants for SNAP Contracts: 14/15		138,737	-	-	-	125,835	138,736	12,901
State Administrative Matching Grants for SNAP Contracts: 15/16		-	-	-	-	-	-	-
Total SNAP Contracts		281,069	142,332	13,700	-	139,535	138,736	12,901
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:								
	84.027	1,262,802	683,466	124,064	-	502,431	579,336	200,969
Project number 150-450-1415		1,221,153	-	-	-	755,947	1,165,224	409,277
Project number 160-450-1516		-	-	-	-	-	-	-
Subtotal IDEA, Part B		2,483,955	683,466	124,064	-	1,258,378	1,744,560	610,246
Special Education - Preschool Grants (IDEA Preschool):								
	84.173	17,407	17,407	2,524	-	2,524	-	-
Project number 150-460-1415		23,144	-	-	-	13,280	18,347	5,067
Project number 160-460-1516		-	-	-	-	-	-	-
Subtotal IDEA, Preschool		40,551	17,407	2,524	-	15,804	18,347	5,067
Total Special Education Cluster		2,524,506	700,873	126,588	-	1,274,182	1,762,907	615,313

See Notes to Schedule of Expenditures of Federal Awards.



# Lake Shore Public Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2016
Other federal awards:								
U.S. Department of Education:								
Direct programs - Indian Education:								
Project number S060A140281	84.060	\$ 107,023	\$ 106,496	\$ 53,658	\$ -	\$ 53,658	\$ -	\$ -
Project number S060A150281		93,196	-	-	-	91,528	91,528	-
Total Indian Education		200,219	106,496	53,658	-	145,186	91,528	-
Passed through the Michigan Department of Education -								
Title I, Part A - Improving Basic Programs:								
Project number 14-1530-1314	84.010	325,264	48,790	834	-	834	-	-
Project number 15-1530-1415		285,363	268,111	268,111	-	271,099	17,252	14,264
Project number 16-1530-1516		319,995	-	-	-	-	249,940	249,940
Total Title I, Part A		930,622	316,901	268,945	-	271,933	267,192	264,204
Title II, Part A:								
Project number 14-0520-1314	84.367A	77,323	61,896	28,570	-	28,570	-	-
Project number 15-0520-1415		81,223	7,277	7,277	-	44,160	58,738	21,855
Project number 16-0520-1516		77,056	-	-	-	-	-	-
Total Title II, Part A		235,602	69,173	35,847	-	72,730	58,738	21,855
Passed through the Macomb County ISD -								
Career and Technical Education - Basic Grants to States:								
(Perkins IV) - Project number 15-3520-151216	84.048	18,000	18,000	3,123	-	3,123	-	-
(Perkins IV) - Project number 16-3520-161216		18,000	-	-	-	9,911	17,747	7,836
Total Career and Technical Education - Basic Grants to States		36,000	18,000	3,123	-	13,034	17,747	7,836
Passed through other local school districts - Adult Education:								
Project number 161120-165187	84.002A	20,000	-	-	-	11,940	19,990	8,050
Project number 161130-161189		52,000	-	-	-	42,766	52,000	9,234
Total Adult Education		72,000	-	-	-	54,706	71,990	17,284
Total U.S. Department of Education noncluster programs		1,474,443	510,570	361,573	-	557,589	507,195	311,179

See Notes to Schedule of Expenditures  
of Federal Awards.

# Lake Shore Public Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2016
Other federal awards (continued):								
Employment Services Training Contracts with the Macomb/St. Clair Workforce Development Board, Incorporated -								
Contracts - 12-19-216, 12-19-217, 12-19-218, 12-19-219, 12-19-220:								
U.S. Department of Labor - Employment Services Cluster - Wagner-Peyser Act 14/15	17.207	\$ 1,431,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Labor - WIA Cluster Workforce Investment Act, Dislocated Workers 14/15	17.278	-	929,453	82,907	-	82,907	-	-
U.S. Department of Labor - WIA Cluster - Workforce Investment Act, Adult Programs 14/15	17.258	-	224,907	20,767	-	20,767	-	-
Subtotal		1,431,499	1,379,267	124,441	-	124,441	-	-
Contract - 15-19-227:								
U.S. Department of Labor - Employment Services Cluster - Wagner-Peyser Act 15/16	17.207	1,441,891	-	-	-	-	-	-
U.S. Department of Labor - Unemployment Insurance State Admin Funds 15/16	17.225	-	-	-	-	648,024	773,774	125,750
U.S. Department of Labor - WIA Cluster Workforce Investment Act, Dislocated Workers 15/16	17.278	-	-	-	-	257,202	257,202	-
U.S. Department of Labor - WIA Cluster - Workforce Investment Act, Adult Programs 15/16	17.258	-	-	-	-	257,202	257,202	-
Subtotal		1,441,891	-	-	-	1,162,428	1,288,178	125,750
Total Employment Services Training Contracts with the Macomb/St. Clair Workforce Development Board, Incorporated		2,873,390	1,379,267	124,441	-	1,286,869	1,288,178	125,750
TANF Cluster - U.S. Department of Health and Human Services -								
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	93.558							
Temporary Assistance for Needy Families		3,494,562	991,064	12,374	-	734,379	737,030	15,025
Total federal awards		\$ 11,984,159	\$ 4,356,104	\$ 666,172	\$ -	\$ 4,686,658	\$ 5,138,237	\$ 1,117,751

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, 2016

### 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, 2016. 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 not elected 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, 2016**

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

During the year ended June 30, 2016, the School District received \$848,265 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.

# Lake Shore Public Schools

## Schedule of Findings and Questioned Costs Year Ended June 30, 2016

### 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  No

#### 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

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  X  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP Cluster
17.225	Unemployment Insurance
93.558	TANF Cluster
17.258, 17.278	WIA Cluster

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  X  No

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None