

Lapeer Community Schools of Lapeer County

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

Lapeer Community Schools of Lapeer County

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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
Lapeer Community Schools of Lapeer County

We have audited the basic financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Lapeer Community Schools of Lapeer County (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 September 28, 2017, which contained an unmodified opinion on the basic financial statements of the governmental activities, the major funds, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming an opinion 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 September 28, 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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

September 28, 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
Lapeer Community Schools of Lapeer County

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, the major funds, and the aggregate remaining fund information of Lapeer Community Schools of Lapeer County (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 September 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lapeer Community Schools of Lapeer County'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.

To Management and the Board of Education
Lapeer Community Schools of Lapeer County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lapeer Community Schools of Lapeer County'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 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

September 28, 2017

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

Independent Auditor's Report

To the Board of Education
Lapeer Community Schools of Lapeer County

Report on Compliance for Each Major Federal Program

We have audited Lapeer Community Schools of Lapeer County's (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 its major federal program for the year ended June 30, 2017. Lapeer Community Schools of Lapeer County'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 Lapeer Community Schools of Lapeer County'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 Lapeer Community Schools of Lapeer County'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 Lapeer Community Schools of Lapeer County's compliance.

To the Board of Education
Lapeer Community Schools of Lapeer County

Opinion on Each Major Federal Program

In our opinion, Lapeer Community Schools of Lapeer County 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, 2017.

Report on Internal Control Over Compliance

Management of Lapeer Community Schools of Lapeer County 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 Lapeer Community Schools of Lapeer County'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.

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 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

September 28, 2017

Lapeer Community Schools of Lapeer County

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

Program Title/Project Number	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash assistance - National School Lunch Program Entitlement commodities - 2016-2017										
	N/A	10.555	\$ 186,145	\$ -	\$ -	\$ -	\$ 186,145	\$ 186,145	\$ -	\$ -
Cash assistance:										
National School Lunch Program 2016-2017										
	171960	10.555	982,520	-	-	19,982	1,002,502	982,520	-	-
National School Lunch Program (incl. commodities) subtotal										
		10.555	1,168,665	-	-	19,982	1,188,647	1,168,665	-	-
National School Breakfast Program 2015-2016										
	161970	10.553	487,656	487,656	290	-	290	-	-	-
National School Breakfast Program 2016-2017										
	171970	10.553	482,183	-	-	7,401	489,584	482,183	-	-
National School Breakfast Program subtotal										
		10.553	969,839	487,656	290	7,401	489,874	482,183	-	-
Summer Food Service Program for Children - 2015-16										
	160900-161900	10.559	35,252	35,252	6,180	-	6,180	-	-	-
Summer Food Service Program for Children - 2016-17										
	160900-171900	10.559	26,966	-	-	-	22,399	26,966	4,567	-
Summer Food Service Program subtotal										
		10.559	62,218	35,252	6,180	-	28,579	26,966	4,567	-
Total Child Nutrition Cluster										
			2,200,722	522,908	6,470	27,383	1,707,100	1,677,814	4,567	-
Special Education Cluster - U.S. Department of Education - Passed through the Lapeer County ISD - IDEA, Part B:										
IDEA, Part B 1516										
	160450-1516	84.027	423,701	423,701	5,855	-	5,855	-	-	-
IDEA, Part B 1617										
	170450-1617	84.027	430,713	-	-	-	426,394	430,713	4,319	-
Total IDEA, Part B										
		84.027	854,414	423,701	5,855	-	432,249	430,713	4,319	-
IDEA Preschool 1617										
	170460-1617	84.173	45,100	-	-	-	45,100	45,100	-	-
Total Special Education Cluster										
			899,514	423,701	5,855	-	477,349	475,813	4,319	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Lapeer County ISD - Medical Assistance Program (Medicaid, Title XIX)										
	N/A	93.778	14,733	-	-	-	14,733	14,733	-	-
Total clusters										
			3,114,969	946,609	12,325	27,383	2,199,182	2,168,360	8,886	-

See Notes to Schedule of Expenditures of Federal Awards.

Lapeer Community Schools of Lapeer County

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

Program Title/Project Number	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2016	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2017	Current Year Cash Transferred to Subrecipient
Other federal awards:										
U.S. Department of Education -										
Passed through the Michigan Department of Education:										
Title I - Part A:										
Title I Part A 1516	161530-1516	84.010	806,329	685,333	96,306	-	167,435	71,129	-	-
Title I Part A 1617	171530-1617	84.010	868,506	-	-	-	622,043	741,387	119,344	-
Total Title I - Part A		84.010	1,674,835	685,333	96,306	-	789,478	812,516	119,344	-
Title II Part A - Improving Teacher Quality:										
Title II Part A 1516	160520-1516	84.367	277,137	173,508	19,499	-	56,627	37,128	-	-
Title II Part A 1617	170520-1617	84.367	297,127	-	-	-	184,303	205,291	20,988	-
Total Title II Part A - Improving Teacher Quality		84.367	574,264	173,508	19,499	-	240,930	242,419	20,988	-
U.S. Department of Agriculture - Passed through the Michigan Department of Education -										
Child and Adult Care Food Program -										
Program 2016-2017	161920-172010	10.558	22,757	-	-	-	21,221	22,757	1,536	-
Total noncluster programs passed through the Michigan Department of Education										
			2,271,856	858,841	115,805	-	1,051,629	1,077,692	141,868	-
Total federal awards			\$ 5,386,825	\$ 1,805,450	\$ 128,130	\$ 27,383	\$ 3,250,811	\$ 3,246,052	\$ 150,754	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

Lapeer Community Schools of Lapeer County

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 3,273,435
Less funds improperly excluded from accrued revenue in the prior year	<u>(27,383)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 3,246,052</u>

Lapeer Community Schools of Lapeer County

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 Lapeer Community Schools of Lapeer County (the "School District") 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 Lapeer Community Schools of Lapeer County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lapeer Community Schools of Lapeer County.

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.

The School District has elected not to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

The School District did not pass through funds to subrecipients during the fiscal year ended June 30, 2017.

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 - Adjustments and Transfers

During the year ended June 30, 2017, there were \$27,383 in adjustments relating to funds that were improperly excluded from accrued revenue in the prior year.

Lapeer Community Schools of Lapeer County

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
84.010	Title I - Part A

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