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# Lapeer Community Schools of Lapeer County

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**Federal Awards Supplemental Information**  
**June 30, 2019**

### **Independent Auditor's Reports**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 1

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* 2-3

Report on Compliance for Each Major Federal Program and Report on Internal Control Over  
Compliance Required by the Uniform Guidance 4-5

**Schedule of Expenditures of Federal Awards** 6-7

**Notes to Schedule of Expenditures of Federal Awards** 8

**Schedule of Findings and Questioned Costs** 9

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

**Independent Auditor's Report**

To the Board of Directors  
Lapeer Community Schools of Lapeer County

We have audited the financial statements of the governmental activities, each major fund, 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, 2019 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 24, 2019, 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 September 24, 2019.

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*

September 24, 2019

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 Directors  
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, each major fund, 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, 2019 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 24, 2019.

**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 Directors  
Lapeer Community Schools of Lapeer County

**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*

September 24, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required  
by the Uniform Guidance

**Independent Auditor's Report**

To the Board of Directors  
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 the School District's major federal program for the year ended June 30, 2019. 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 the major federal program for the year ended June 30, 2019.

**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 Directors  
Lapeer Community Schools of Lapeer County

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*

September 24, 2019

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2018	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2019	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) -										
National Lunch Program Commodities 18-19	N/A	10.555	\$ 157,231	\$ -	\$ -	\$ -	\$ 157,231	\$ 157,231	\$ -	\$ -
Cash Assistance -										
National School Lunch Program	181960	10.555	1,153,756	1,004,116	60,238	-	209,878	149,640	-	-
National School Lunch Program	191960	10.555	<u>841,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>787,229</u>	<u>841,011</u>	<u>53,782</u>	<u>-</u>
National School Lunch Program (incl. commodities) subtotal		10.555	2,151,998	1,004,116	60,238	-	1,154,338	1,147,882	53,782	-
National School Breakfast Program	181970	10.553	560,226	488,655	29,531	-	101,102	71,571	-	-
National School Breakfast Program	191970	10.553	<u>384,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,387</u>	<u>384,680</u>	<u>26,293</u>	<u>-</u>
National School Breakfast Program subtotal		10.553	944,906	488,655	29,531	-	459,489	456,251	26,293	-
Summer Food Service Program for Children	180900-181900	10.559	40,747	23,730	4,510	-	21,527	17,017	-	-
Summer Food Service Program for Children	190900-191900	10.559	<u>4,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154</u>	<u>4,302</u>	<u>4,148</u>	<u>-</u>
Summer Food Service Program for Children subtotal		10.559	<u>45,049</u>	<u>23,730</u>	<u>4,510</u>	<u>-</u>	<u>21,681</u>	<u>21,319</u>	<u>4,148</u>	<u>-</u>
Total Child Nutrition Cluster			3,141,953	1,516,501	94,279	-	1,635,508	1,625,452	84,223	-
Special Education Cluster - U.S. Department of Education - Passed through Lapeer County ISD:										
IDEA, Part B 17-18	180450	84.027	421,364	421,364	500	-	500	-	-	-
IDEA, Part B 18-19	190450	84.027	<u>424,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,571</u>	<u>424,807</u>	<u>23,236</u>	<u>-</u>
IDEA, Part B subtotal		84.027	846,171	421,364	500	-	402,071	424,807	23,236	-
IDEA Preschool 18-19	190460	84.173	<u>41,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,000</u>	<u>41,000</u>	<u>-</u>	<u>-</u>
Total Special Education Cluster			887,171	421,364	500	-	443,071	465,807	23,236	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through Lapeer County ISD -										
Medical Assistance Program (Medicaid, Title XIX)	N/A	93.778	<u>13,612</u>	<u>4,294</u>	<u>4,294</u>	<u>-</u>	<u>13,612</u>	<u>9,318</u>	<u>-</u>	<u>-</u>
Total clusters			4,042,736	1,942,159	99,073	-	2,092,191	2,100,577	107,459	-



Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2018	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2019	Current Year Cash Transferred to Subrecipients
Other federal awards:										
Title I, Part A - U.S. Department of Education -										
Passed through the Michigan Department of Education										
Title I Part A 17-18	181530	84.010	\$ 923,747	\$ 863,005	\$ 136,723	\$ -	\$ 149,541	\$ 12,818	\$ -	\$ -
Title I Part A 18-19	191530	84.010	784,357	-	-	-	369,897	737,115	367,218	-
Passed through the Lapeer County ISD										
Title I Part A 18-19	191530	84.010	115,382	-	-	-	25,958	47,873	21,915	-
Total Title I, Part A		84.010	1,823,486	863,005	136,723	-	545,396	797,806	389,133	-
Improving Teacher Quality, Title II - Part A - U.S. Department of Education										
Passed through the Michigan Department of Education										
Title II Part A 17-18	180520	84.367	267,366	208,748	19,792	-	29,920	10,128	-	-
Title II Part A 18-19	190520	84.367	294,779	-	-	-	110,427	205,001	94,574	-
Total Title II, Part A		84.367	562,145	208,748	19,792	-	140,347	215,129	94,574	-
Student Support & Academic Enrichment - Title IV - U.S. Department of Education										
Passed through the Michigan Department of Education -										
Title IV 17-18	180750	84.424	12,696	1,515	1,275	-	1,768	493	-	-
Title IV 18-19	190750	84.424	65,899	-	-	-	20,296	27,876	7,580	-
Total Title IV		84.424	78,595	1,515	1,275	-	22,064	28,369	7,580	-
Child and Adult Care Food Program U.S. Department of Agriculture -										
Passed through the Michigan Department of Education										
Child and Adult Care Food Program 17-18	181920-182010	10.558	24,845	21,229	939	-	4,555	3,616	-	-
Child and Adult Care Food Program 18-19	191920-192010	10.558	18,515	-	-	-	17,714	18,515	801	-
Total Child and Adult Care Food Program		10.558	43,360	21,229	939	-	22,269	22,131	801	-
Temp Emergency Impact Aid for Displaced Students - U.S. Department of Education										
Passed through the Michigan Department of Education										
Impact Aid - 18-19	192510	84.938	676	-	-	-	676	676	-	-
Impact Aid - 18-19	192520	84.938C	30,250	-	-	-	30,250	30,250	-	-
Total Temp Emergency Impact Aid for Displaced Students		84.938	30,926	-	-	-	30,926	30,926	-	-
Total noncluster programs passed through the Lapeer County ISD			115,382	-	-	-	25,958	47,873	21,915	-
Total noncluster programs passed through the Michigan Department of Education			2,423,130	1,094,497	158,729	-	735,044	1,046,488	470,173	-
Total federal awards			\$ 6,581,248	\$ 3,036,656	\$ 257,802	\$ -	\$ 2,853,193	\$ 3,194,938	\$ 599,547	\$ -

## Lapeer Community Schools of Lapeer County

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# Notes to Schedule of Expenditures of Federal Awards

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Year Ended June 30, 2019

### 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, 2019. 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 Lapeer Community Schools of Lapeer County.

### 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 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*, (the "Uniform Guidance") 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.

**Lapeer Community Schools of Lapeer County**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2019**

**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
10.555, 10.553, 10.559	Child Nutrition 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**

Reference Number	Finding
<b>Current Year</b>	None

**Section III - Federal Program Audit Findings**

Reference Number	Finding	Questioned Costs
<b>Current Year</b>	None	