

Lakeview Public Schools

Single Audit Report

June 30, 2018



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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 Auditors' Report

Management and the Board of Education
Lakeview Public Schools
St. Clair Shores, Michigan

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 Lakeview Public Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Lakeview Public Schools' basic financial statements, and have issued our report thereon dated October 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lakeview 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 Lakeview Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Lakeview Public Schools' 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 entity'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 Lakeview 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Flint, Michigan
October 2, 2018



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Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Management and the Board of Education
Lakeview Public Schools
St. Clair Shores, Michigan

Report on Compliance for Each Major Federal Program

We have audited Lakeview Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lakeview Public Schools' major federal programs for the year ended June 30, 2018. Lakeview 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Lakeview 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* (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 Lakeview 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 Lakeview Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Lakeview 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, 2018.

Report on Internal Control over Compliance

Management of Lakeview 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 Lakeview 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 Lakeview Public Schools' 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.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeview Public Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Lakeview Public Schools' basic financial statements. We issued our report thereon dated October 2, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes 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 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Flint, Michigan
October 2, 2018

Lakeview Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Award Grant Entitlement Program Amount	Accrued (Unearned) Revenue July 1, 2017	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/ In Kind Received	Accrued (Unearned) Revenue June 30, 2018
U.S. DEPARTMENT OF AGRICULTURE							
Child Nutrition Cluster							
Passed through Michigan Department of Education							
Non-Cash Assistance							
Entitlement Commodities	10.555	\$ 55,162	\$ -	\$ -	\$ 55,162	\$ 55,162	\$ -
Cash Assistance							
School Breakfast Program							
171970	10.553	69,291	4,333	62,095	7,196	11,529	-
181970		67,011	-	-	67,011	67,011	-
Total School Breakfast Program		136,302	4,333	62,095	74,207	78,540	
National School Lunch Program							
171960	10.555	516,722	30,339	456,927	59,795	90,134	-
181960		552,679	-	-	552,679	552,679	-
Total National School Lunch Program		1,069,401	30,339	456,927	612,474	642,813	-
Total Cash Assistance		1,205,703	34,672	519,022	686,681	721,353	-
Total Child Nutrition Cluster		1,260,865	34,672	519,022	741,843	776,515	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,260,865	34,672	519,022	741,843	776,515	-
U.S. DEPARTMENT OF EDUCATION							
Special Education Cluster							
Passed through the Macomb Intermediate School District							
Special Education Grants to States							
170450-1617	84.027	645,457	230,401	645,457	-	230,401	-
180450-1718		732,245	-	-	732,245	554,850	177,395
Total Special Education Grants to States		1,377,702	230,401	645,457	732,245	785,251	177,395

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Lakeview Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Award Grant Entitlement Program Amount	Accrued (Unearned) Revenue July 1, 2017	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/ In Kind Received	Accrued (Unearned) Revenue June 30, 2018
Special Education Preschool Grants	84.173						
170460-1617		20,332	5,615	20,332	-	5,615	-
180460-1718		20,754	-	-	20,754	15,120	5,634
Total Special Education Preschool Grants		41,086	5,615	20,332	20,754	20,735	5,634
Total Special Education Cluster		1,418,788	236,016	665,789	752,999	805,986	183,029
Passed through the Michigan Department of Education Title I, Part A - Grants to Local Educational Agencies	84.010						
171530-1617		268,645	52,012	264,110	-	52,012	-
181530-1718		214,950	-	-	179,596	145,004	34,592
Total Title I, Part A - Grants to Local Educational Agencies		483,595	52,012	264,110	179,596	197,016	34,592
Passed through the Macomb Intermediate School District Career and Technical Education - Basic Grants to States Regional Allocation (Perkins)	84.048						
173520-171216		20,000	11,258	20,000	-	11,258	
183520-181216		17,000	-	-	17,000	11,996	5,004
Total Career and Technical Education - Basic Grants to States		37,000	11,258	20,000	17,000	23,254	5,004
Passed through the Michigan Department of Education Title II, Part A Supporting Effective Instruction State Grants	84.367						
170520-1617		77,215	775	70,445	-	775	-
180520-1718		71,544	-	-	63,756	62,212	1,544
Total Title II, Part A Supporting Effective Instruction State Grants		148,759	775	70,445	63,756	62,987	1,544
Passed through the Michigan Department of Education Title IV Part A Student Support and Academic Enrichment Program	84.424						
180750-1718		10,000	-	-	10,000	10,000	-
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>2,098,142</u>	<u>300,061</u>	<u>1,020,344</u>	<u>1,023,351</u>	<u>1,099,243</u>	<u>224,169</u>
TOTAL FEDERAL AWARDS		<u>\$ 3,359,007</u>	<u>\$ 334,733</u>	<u>\$ 1,539,366</u>	<u>\$ 1,765,194</u>	<u>\$ 1,875,758</u>	<u>\$ 224,169</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Lakeview Public Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Lakeview Public Schools under programs of the federal government for the year ended June 30, 2018. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lakeview Public Schools, it is not intended to and does not present the financial position or changes in financial position of Lakeview Public Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

Lakeview Public Schools has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Reconciliation to Financial Statements

The federal revenues per the financial statements are in agreement with the SEFA.

Note 4 - Funds Transferred to Subrecipients

The Schools District did not transfer any federal funds to subrecipients during the fiscal year.

Note 5 - Michigan Department of Education Disclosures

The federal amounts reported on the grant auditor report (GAR) are in agreement with the SEFA except for the following:

<u>CFDA</u>	<u>Grant</u>	<u>Amount</u>
10.553	171970	\$ 4,333
10.555	171960	30,339

These grants were paid by June 30, 2017 per the GAR, but were not received by the District until July of 2017.

The amounts reported on the recipient entitlement balance report agree with the SEFA for U.S.D.A. donated food commodities.

Lakeview Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles:

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 weakness(es)? _____ Yes _____ X _____ None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516(a)? _____ Yes _____ X _____ No

Lakeview Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Identification of major programs:

CFDA Numbers
84.027/84.173

Name of Federal Program
Special Education Cluster

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 Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.

Lakeview Public Schools
Summary Schedule of Prior Audit Findings
June 30, 2018

Section IV - Prior Year Audit Findings

No matters were noted.