

# **Port Huron Area School District**

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

# Port Huron Area School District

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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  
Port Huron Area School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Port Huron Area School District (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 5, 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 statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 5, 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 5, 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  
Port Huron Area School District

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 Port Huron Area School District (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 5, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Port Huron Area 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.

To Management and the Board of Education  
Port Huron Area School District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Port Huron Area 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*.

### **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 5, 2016

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

Independent Auditor's Report

To the Board of Education  
Port Huron Area School District

**Report on Compliance for Each Major Federal Program**

We have audited Port Huron Area School District'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, 2016. Port Huron Area 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Port Huron Area 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 Port Huron Area 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 Port Huron Area School District's compliance.

To the Board of Education  
Port Huron Area School District

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

In our opinion, Port Huron Area 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 its major federal program for the year ended June 30, 2016.

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

Management of Port Huron Area 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 Port Huron Area 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.

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 5, 2016

# Port Huron Area School District

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

Program Title/Project Number Subrecipient Name	CFDA Number	Project/Grant 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	Total Amount Provided to Subrecipients
Clusters:										
Child Nutrition Cluster:										
U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities):										
National School Lunch Program:	10.555									
Entitlement Commodities			\$ 319,733	\$ -	\$ -	\$ -	\$ 319,733	\$ 319,733	\$ -	\$ -
Bonus Commodities			-	-	-	-	-	-	-	-
National School Lunch Program Noncash Assistance Subtotal			319,733	-	-	-	319,733	319,733	-	-
Cash Assistance:										
National School Breakfast Program 2014-15	10.553	1415	990,451	990,451	51,869	-	51,869	-	-	-
National School Breakfast Program 2015-16	10.553	1516	1,175,570	-	-	-	1,102,894	1,175,570	72,676	-
Total National School Breakfast Program			2,166,021	990,451	51,869	-	1,154,763	1,175,570	72,676	-
National School Lunch Program:										
2014-15 Lunch	10.555	1415	2,388,667	2,388,667	108,321	-	108,321	-	-	-
2014-15 Snacks		1415	8,555	8,555	707	-	707	-	-	-
2015-16 Lunch		1516	2,448,136	-	-	-	2,303,204	2,448,136	144,932	-
2015-16 Snacks		1516	15,100	-	-	-	14,268	15,100	832	-
Total National School Lunch Program			4,860,458	2,397,222	109,028	-	2,426,500	2,463,236	145,764	-
Summer Food Service Program:										
2014-15	10.559	1415	51,690	51,690	12,607	-	12,607	-	-	-
2015-16		1516	52,692	-	-	-	43,199	52,692	9,493	-
Total Summer Food Service Program			104,382	51,690	12,607	-	55,806	52,692	9,493	-
Cash Assistance Subtotal			7,130,861	3,439,363	173,504	-	3,637,069	3,691,498	227,933	-
Total Child Nutrition Cluster			7,450,594	3,439,363	173,504	-	3,956,802	4,011,231	227,933	-
Special Education Cluster:										
U.S. Department of Education:										
Passed through the St. Clair County RESA - IDEA:										
Special Education - Grants to States (IDEA, Part B) - IDEA, Part B:										
	84.027									
Project number 140450-1314 C/O		140450-1314 C/O	288,514	288,514	94,327	-	94,327	-	-	-
Project number 150450-1415		150450-1415	2,127,331	1,930,865	624,484	-	624,484	-	-	-
Project number 150450-1415 C/O		150450-1415 C/O	196,466	-	-	-	133,612	196,466	62,854	-
Project number 160450-1516		160450-1516	2,071,682	-	-	-	1,209,735	1,793,923	584,188	-
Subtotal IDEA, Part B			4,683,993	2,219,379	718,811	-	2,062,158	1,990,389	647,042	-

See Notes to Schedule of Expenditures of Federal Awards.



# Port Huron Area School District

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

Program Title/Project Number Subrecipient Name	CFDA Number	Project/Grant 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	Total Amount Provided to Subrecipients
Clusters (continued):										
Special Education Cluster (continued):										
U.S. Department of Education (continued):										
Passed through the St. Clair County RESA - IDEA (continued):										
Special Education - Preschool Grants (IDEA Preschool) - IDEA Preschool:										
	84.173									
Project number 150460-1415		150460-1415	\$ 54,511	\$ 54,511	\$ 17,847	\$ -	\$ 17,847	\$ -	\$ -	\$ -
Project number 160460-1516		160460-1516	52,405	-	-	-	36,224	46,834	10,610	-
Subtotal IDEA Preschool			106,916	54,511	17,847	-	54,071	46,834	10,610	-
Total Special Education Cluster			4,790,909	2,273,890	736,658	-	2,116,229	2,037,223	657,652	-
Medicaid Cluster:										
U.S. Department of Health and Human Services - Passed through the St. Clair County RESA - Medicaid Administrative Outreach:										
	93.778									
2014-2015		2014-2015	30,521	30,521	13,231	-	13,231	-	-	-
2015-2016		2015-2016	20,688	-	-	-	-	20,688	20,688	-
Total Medicaid Cluster			51,209	30,521	13,231	-	13,231	20,688	20,688	-
Other Federal Awards:										
U.S. Department of Education:										
Passed through the Michigan Department of Education:										
Title I, Part A:										
	84.010									
Project number 151530/1415		151530/1415	3,330,504	3,032,674	585,347	-	585,347	-	-	-
Project number 161530/1516		161530/1516	3,042,838	-	-	-	2,091,318	2,636,303	544,985	-
Total Title I, Part A			6,373,342	3,032,674	585,347	-	2,676,665	2,636,303	544,985	-
Title II, Part A Improving Teacher Quality:										
	84.367									
Project number 150520/1415		150520/1415	1,212,280	497,612	73,769	-	73,769	-	-	-
Project number 160520/1516		160520/1516	1,305,554	-	-	-	587,244	722,306	135,062	-
Total Title II, Part A Improving Teacher Quality			2,517,834	497,612	73,769	-	661,013	722,306	135,062	-

See Notes to Schedule of Expenditures of Federal Awards.

# Port Huron Area School District

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

Program Title/Project Number Subrecipient Name	CFDA Number	Project/Grant 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	Total Amount Provided to Subrecipients
Other Federal Awards (continued):										
U.S. Department of Education (continued):										
Passed through the Michigan Department of Education (continued):										
21st Century Community Learning Center:										
Project number 152110 H13049	84.287	152110 H13049	\$ 675,000	\$ 653,553	\$ 119,475	\$ -	119,475	\$ -	\$ -	\$ -
Project number 152110 H14017		152110 H14017	270,000	258,555	60,045	-	60,045	-	-	-
Project number 152110 H14020		152110 H14020	206,284	206,284	30,295	-	30,295	-	-	-
Project number 162110 H13046		162110 H13046	675,000	-	-	-	533,522	641,942	108,420	-
Project number 162110 H14017		162110 H14017	270,000	-	-	-	223,391	266,054	42,663	-
Project number 162110 H14020		162110 H14020	206,284	-	-	-	172,421	206,284	33,863	-
Total 21st Century Community Learning Center			2,302,568	1,118,392	209,815	-	1,139,149	1,114,280	184,946	-
Adult Education:										
Project number 151130 151087	84.002	151130 151087	65,500	64,411	6,909	-	6,909	-	-	-
Project number 161130 161087		161130 161087	85,150	-	-	-	58,542	82,109	23,567	-
Total Adult Education			150,650	64,411	6,909	-	65,451	82,109	23,567	-
Child Care Food Program 1516	10.558	1516	147,594	-	-	-	140,688	147,594	6,906	-
Total noncluster programs passed through the Michigan Department of Education			11,491,988	4,713,089	875,840	-	4,682,966	4,702,592	895,466	-
Other Federal Awards (continued):										
U.S. Department of Education (continued):										
Passed through the Macomb ISD:										
Title III Limited English Proficient Funds - 150580-1415	84.365A	150580-1415	13,420	8,623	3,182	-	3,182	-	-	-
Title III Limited English Proficient Funds - 160580-1516		160580-1516	12,557	-	-	-	3,481	8,663	5,182	-
Title III Immigrant Funds - 160570-1516		160570-1516	2,429	-	-	-	-	243	243	-
Total Title III			28,406	8,623	3,182	-	6,663	8,906	5,425	-
Total federal awards			<b>\$ 23,813,106</b>	<b>\$ 10,465,486</b>	<b>\$ 1,802,415</b>	<b>\$ -</b>	<b>\$ 10,775,891</b>	<b>\$ 10,780,640</b>	<b>\$ 1,807,164</b>	<b>\$ -</b>

See Notes to Schedule of Expenditures of Federal Awards.

# Port Huron Area School District

## 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 Port Huron Area School District 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 Port Huron Area School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Port Huron Area School District.

### 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 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.

# Port Huron Area School District

## 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  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