

LOWELL AREA SCHOOLS

Kent and Ionia Counties, Michigan

Additional Reports Required by
the Uniform Guidance

For the year ended June 30, 2022

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LOWELL AREA SCHOOLS

For the year ended June 30, 2022

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**INDEPENDENT AUDITOR'S 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**

September 19, 2022

The Board of Education
Lowell Area Schools
Kent County, 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 Lowell Area Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lowell Area Schools' basic financial statements, and have issued our report thereon dated September 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lowell Area Schools' internal control over financial reporting (internal control) as a basis for designing 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 Lowell Area Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Lowell Area 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lowell Area 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.



Certified Public Accountants
Grand Rapids, Michigan

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

September 19, 2022

The Board of Education
Lowell Area Schools
Kent County, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lowell Area School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lowell Area School's major federal programs for the year ended June 30, 2022. Lowell Area School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lowell Area 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, 2022.

Basis for Opinion on Each Major Federal Program

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).¹ Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lowell Area School's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lowell Area School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lowell Area School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lowell Area School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lowell Area School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lowell Area School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lowell Area School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lowell Area School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Lowell Area School's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Lowell Area School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Ewen-Trout Creek Consolidated School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise of Ewen-Trout Creek Consolidated School District's basic financial statements. We issued our report thereon dated September 19, 2022, 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.

Hungerford Nichols

Certified Public Accountants
Grand Rapids, Michigan

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LOWELL AREA SCHOOLS

For the year ended June 30, 2022

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U. S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I Cluster:		
Title I, Part A:		
211530 2021	84.010	\$ 281,188
221530 2122		261,887
Total Title I, Part A		543,075
Title III - LEP	84.365A	
220570 2122		3,373
Total Title III, Part A		3,373
Title II, Part A:	84.367	
200520 1920		78,402
210520 2021		80,787
220520 2122		90,983
Total Title II, Part A		250,172
Title IV, Part A:	84.424	
210750 2021		20,781
220750 2122		22,542
Total Title IV, Part A		43,323
Education Stabilization Fund:	84.425	
203712 2021 ESSER Formula Funds II	84.425D	397,745
203712 2022 ESSER Formula Funds II	84.425D	912,258
211202 2022 GEER II - Teacher & Support Staff Payment:	84.425C	25,500
213722 2022 ESSER II - Summer Programming	84.425D	66,000
213712 2022 ESSER II - Before & After School	84.425D	25,000
213762 2022 ESSER II - Benchmark Assessments	84.425D	29,525
213712 2022 ESSER III ARP	84.425U	2,050,259
213723 2022 ESSER III 11t Equalization	84.425U	2,005,458
Total Education Stabilization Fund		5,511,745
Total Passed Through MDE		6,351,688

See Notes to Schedule of Expenditures of Federal Awards.

Accrued (Deferred) Revenue At July 1, 2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2022
\$ 48,778	\$ 280,203	\$ -	\$ 48,778	\$ -
-	-	260,903	-	260,903
48,778	280,203	260,903	48,778	260,903
-	-	3,373	-	3,373
(715)	-	-	(715)	-
14,913	75,353	-	14,913	-
-	-	80,613	-	80,613
14,198	75,353	80,613	14,198	80,613
8,004	17,438	-	8,004	-
-	-	20,097	-	20,097
8,004	17,438	20,097	8,004	20,097
339,497	339,497	-	339,497	-
-	-	568,295	-	568,295
-	-	25,500	25,500	-
-	-	66,000	66,000	-
-	-	25,000	-	25,000
-	-	29,525	-	29,525
-	-	646,107	-	646,107
-	-	170,698	-	170,698
339,497	339,497	1,531,125	430,997	1,439,625
410,477	712,491	1,896,111	501,977	1,804,611

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

LOWELL AREA SCHOOLS
For the year ended June 30, 2022

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Passed through Kent Intermediate School District (KISD):		
Special Education Cluster:		
I.D.E.A. Grants to States:		
210450 2021	84.027	\$ 636,098
220450 2122		681,240
221280 2022 I.D.E.A. ARP	84.027X	<u>80,423</u>
Total I.D.E.A. Grants to States		<u>1,397,761</u>
I.D.E.A. Preschool:		
210460 2021	84.173	28,502
220460 2122		25,740
221285 2022 I.D.E.A. Preschool ARP	84.173X	<u>6,391</u>
Total I.D.E.A. Preschool		<u>60,633</u>
Total Special Education Cluster		<u>1,458,394</u>
Title III - LEP		
220570 2022	84.365A	<u>4,345</u>
Total Passed Through KISD		<u>1,462,739</u>
Total U.S. Department of Education		<u>7,814,427</u>
U.S. Department of Health and Human Services		
Passed through Kent Intermediate School District (KISD):		
Medical Assistance Program:		
2022 Medicaid - Outreach	93.778	<u>12,464</u>
Total U.S. Department of Health and Human Services		<u>12,464</u>

See Notes to Schedule of Expenditures of Federal Awards.

Accrued (Deferred) Revenue At July 1, 2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2022
\$ 140,182	\$ 636,098	\$ -	\$ 140,182	\$ -
-	-	681,240	526,634	154,606
-	-	80,423	66,910	13,513
140,182	636,098	761,663	733,726	168,119
6,324	28,502	-	6,324	-
-	-	25,740	19,962	5,778
-	-	6,391	5,049	1,342
6,324	28,502	32,131	31,335	7,120
146,506	664,600	793,794	765,061	175,239
-	-	4,345	-	4,345
146,506	664,600	798,139	765,061	179,584
556,983	1,377,091	2,694,250	1,267,038	1,984,195
-	-	12,464	12,464	-
-	-	12,464	12,464	-

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

LOWELL AREA SCHOOLS
For the year ended June 30, 2022

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE):		
Nutrition Cluster:		
Non-Cash Assistance (USDA Commodities):	10.555	
Entitlement Commodities		\$ 95,377
Cash Assistance:		
Seamless Summer Option - Breakfast	10.553	
211971		23,381
221971		216,764
Total Seamless Summer Option - Breakfast		240,145
Seamless Summer Option - Lunch	10.555	
211961		214,278
220910		69,569
221961		1,394,381
Total Seamless Summer Option - Lunch		1,678,228
Extended SFSP	10.559	
210904		190,671
Total Cash Assistance		2,109,044
Total Nutrition Cluster		2,204,421
Pandemic EBT Local Level Costs	10.649	
210980 2021		3,063
Total U.S. Department of Agriculture		2,207,484
Total Federal Financial Assistance		\$ 10,034,375

See Notes to Schedule of Expenditures of Federal Awards.

Accrued (Deferred) Revenue At July 1, 2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2022
\$ -	\$ -	\$ 95,377	\$ 95,377	\$ -
-	-	23,381	23,381	-
-	-	216,765	216,765	-
-	-	240,146	240,146	-
-	-	214,278	214,278	-
-	-	27,169	69,569	(42,400)
-	-	1,394,381	1,394,381	-
-	-	1,635,828	1,678,228	(42,400)
76,669	1,100,897	114,002	190,671	-
76,669	1,100,897	1,989,976	2,109,045	(42,400)
76,669	1,100,897	2,085,353	2,204,422	(42,400)
-	-	3,063	3,063	-
76,669	1,100,897	2,088,416	2,207,485	(42,400)
\$ 633,652	\$ 2,477,988	\$ 4,795,130	\$ 3,486,987	\$ 1,941,795

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LOWELL AREA SCHOOLS

For the year ended June 30, 2022

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Lowell Area Schools under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with 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 Lowell Area Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows, as applicable, of Lowell Area Schools.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. 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* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Lowell Area Schools has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note D – Grant Section Auditor Report

Management has utilized the MDE Nexys Grant, Application and Cash Management System Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

Note E – Non-Cash Assistance

The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with the SEFA for USDA donated food commodities.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

LOWELL AREA SCHOOLS
For the year ended June 30, 2022

Note F – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Title I, Part A	\$ 260,903	\$ 260,903	\$ -
Title II, Part A	80,613	79,183	1,430
Title III	7,718	7,718	-
Title IV, Part A	20,097	20,097	-
ESSER Stabilization Funds	1,531,125	1,531,125	-
Special Education Cluster	793,794	793,794	-
Medical Assistance Program	12,464	12,464	-
Child Care and Development Block Grant	-	89,329	(89,329) **
Nutrition Cluster	2,085,353	2,085,353	-
Pandemic EBT Local Level Costs	3,063	3,063	-
	<u>\$ 4,795,130</u>	<u>\$ 4,883,029</u>	<u>\$ (87,899)</u>

* The difference in Federal expenditures to Federal revenue per the financial statements is due to an amount overpaid in a prior year for the Title II, Part A grant. \$715 was taken back by the State of Michigan in FYE 2021-22.

** The difference in Federal expenditures to Federal revenue per the financial statements is due to the determination made by the Office of Child Development & Care (CDC) that deemed the recipients of Child Care Stabilization portion of the Child Care and Development Grants to be beneficiaries, not subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LOWELL AREA SCHOOLS
For the year ended June 30, 2022

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? _____ 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? _____ 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 the Uniform Guidance? _____ Yes X No

Identification of major programs audited: 84.027/84.173 Special Education Cluster
84.425 Education Stabilization Fund

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 Statements Audit Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Section III – Major Federal Award Programs Findings and Questioned Costs

There were no findings or questioned costs.