

**KENOWA HILLS  
PUBLIC SCHOOLS**  
**Kent and Ottawa Counties, Michigan**

Additional Reports Required by  
OMB Circular A-133

For the year ended June 30, 2011

## **TABLE OF CONTENTS**

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### **KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2011

<b>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.....</b>	<b>1</b>
<b>Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....</b>	<b>3</b>
<b>Schedule of Expenditures of Federal Awards.....</b>	<b>6</b>
<b>Notes to Schedule of Expenditures of Federal Awards.....</b>	<b>12</b>
<b>Schedule of Findings and Questioned Costs .....</b>	<b>13</b>

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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**

November 9, 2011

The Board of Education  
Kenowa Hills Public Schools  
Kent County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kenowa Hills Public Schools, as of and for the year ended June 30, 2011, which collectively comprise Kenowa Hills Public Schools' basic financial statements and have issued our report thereon dated November 9, 2011. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Kenowa Hills Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kenowa Hills Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kenowa Hills Public Schools' internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kenowa Hills Public Schools' financial statements are free of 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*.

We noted certain matters that we reported to the management of Kenowa Hills Public Schools in a separate document.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

November 9, 2011

The Board of Education  
Kenowa Hills Public Schools  
Kent County, Michigan

**Compliance**

We have audited Kenowa Hills Public Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kenowa Hills Public Schools' major federal programs for the year ended June 30, 2011. Kenowa Hills Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Kenowa Hills Public Schools' management. Our responsibility is to express an opinion on Kenowa Hills Public Schools' compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Kenowa Hills 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. Our audit does not provide a legal determination of Kenowa Hills Public Schools' compliance with those requirements.

In our opinion, Kenowa Hills Public Schools complied, in all material respects, with the 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, 2011.

**Internal Control Over Compliance**

Management of Kenowa Hills Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Kenowa Hills Public Schools' internal control over compliance with the requirements that could have a direct and material effect on a

major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Kenowa Hills 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kenowa Hills Public Schools as of and for the year ended June 30, 2011, which collectively comprise Kenowa Hills Public Schools' basic financial statements, and have issued our report thereon dated November 9, 2011, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kenowa Hills Public Schools' basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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 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 basic financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Alderson, Nichols & Barton, P.C.*

Certified Public Accountants

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2011

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<b>U. S. Department of Education</b>		
Passed through Michigan Department of Education (MDE):		
Title I Cluster:		
Title I:		
091530 0809	84.010	\$ 366,073
101530 0910		413,686
111530 1011		<u>476,989</u>
Total Title I		<u>1,256,748</u>
Title I, ARRA:		
101535 0910	84.389	228,422
111535 1011		<u>114,493</u>
Total Title I, ARRA		<u>342,915</u>
Total Title I Cluster		
		<u>1,599,663</u>
Title IC, Migrant Education:		
101890 0910	84.011	81,348
111890 1011		<u>113,753</u>
Total Title IC Cluster		<u>195,101</u>
Title IIA:		
090520 0809	84.367	132,347
100520 0910		115,340
110520 1011		<u>153,247</u>
Total Title IIA		<u>400,934</u>
State Fiscal Stabilization Fund, ARRA:		
102525 0910	84.394	981,600
112525 1011		<u>394,421</u>
Total State Fiscal Stabilization Fund, ARRA		<u>1,376,021</u>

*See Notes to Schedule of Expenditures of Federal Awards*



<b>Accrued (Deferred) Revenue At July 1, 2010</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2011</b>
\$ 204	\$ 204	\$ -	\$ 204	\$ -
87,673	393,194	-	87,673	-
-	-	426,571	382,949	43,622
87,877	393,398	426,571	470,826	43,622
7,206	113,929	-	7,206	-
-	-	110,088	107,856	2,232
7,206	113,929	110,088	115,062	2,232
95,083	507,327	536,659	585,888	45,854
2,552	81,348	-	2,552	-
-	-	113,300	111,740	1,560
2,552	81,348	113,300	114,292	1,560
9,449	9,449	-	9,449	-
(6,590)	62,472	-	(6,590)	-
-	-	86,344	85,781	563
2,859	71,921	86,344	88,640	563
256,916	981,600	-	256,916	-
-	-	394,421	394,421	-
256,916	981,600	394,421	651,337	-

***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)***

**KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2011

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Title III, Limited English Proficient Students:	84.365	
100580 0910		\$ 34,967
110580 1011		47,370
Passed through to sub-recipient - Cedar Springs Public Schools		-
Passed through to sub-recipient - Rockford Public Schools		-
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Total Title III, Limited English Proficient Students		82,337
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Total Passed Through MDE		3,654,056
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Passed through Kent Intermediate School District (KISD):		
Safe and Drug Free Schools and Communities Act:	84.186	
092860 0809		6,775
102860 0910		7,727
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Total Safe and Drug Free Schools and Communities Act		14,502
		<hr/>
Special Education Cluster:		
I.D.E.A. Grants to States:	84.027	
100450 0910		672,417
110450 1011		648,518
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Total I.D.E.A. Grants to States		1,320,935
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I.D.E.A. Preschool:	84.173	
100460 0910		24,491
110460 1011		21,618
		<hr/>
Total I.D.E.A. Preschool		46,109
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I.D.E.A. Grants to States, ARRA:	84.391	
100455 0910		794,515
110455 1011		395,682
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Total I.D.E.A. Grants to States, ARRA		1,190,197
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I.D.E.A. Preschool, ARRA:	84.392	
100465 0910		24,985
		<hr/>

*See Notes to Schedule of Expenditures of Federal Awards*

<b>Accrued (Deferred) Revenue At July 1, 2010</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2011</b>
\$ 17,695	\$ 25,272	\$ -	\$ 17,695	\$ -
-	-	26,652	25,600	1,052
-	-	1,749	1,749	-
-	-	2,141	2,141	-
17,695	25,272	30,542	47,185	1,052
375,105	1,667,468	1,161,266	1,487,342	49,029
617	617	-	617	-
4,391	4,391	-	4,391	-
5,008	5,008	-	5,008	-
258,710	672,417	-	258,710	-
-	-	648,518	478,033	170,485
258,710	672,417	648,518	736,743	170,485
9,604	24,491	-	9,604	-
-	-	21,618	16,603	5,015
9,604	24,491	21,618	26,207	5,015
131,541	398,833	-	131,541	-
-	-	392,652	294,017	98,635
131,541	398,833	392,652	425,558	98,635
4,800	12,397	12,645	13,175	4,270

***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)***

**KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2011

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Total Special Education Cluster		\$ 2,582,226
Total Passed Through KISD		2,596,728
<b>Total U.S. Department of Education</b>		<b>6,250,784</b>
<b>Corporation for National and Community Service</b>		
Passed through Kent Intermediate School District (KISD):		
Learn and Serve America School and Community Based Programs: 0910	94.004	3,000
<b>U.S. Department of Health and Human Services</b>		
Passed through Kent Intermediate School District (KISD):		
Medical Assistance Program: 1011 Medicaid Outreach	93.778	11,318
<b>U.S. Department of Agriculture</b>		
Passed through Michigan Department of Education (MDE):		
Nutrition Cluster:		
Non-Cash Assistance (U.S.D.A. Commodities):	10.555	
Entitlement Commodities		72,842
Bonus Commodities		644
Total Non-Cash Assistance		73,486
Cash Assistance:		
Lunch Program	10.555	509,523
Breakfast Program	10.553	107,422
Total Cash Assistance		616,945
Total Nutrition Cluster		690,431
<b>Total U.S. Department of Agriculture</b>		<b>690,431</b>
<b>Total Federal Financial Assistance</b>		<b>\$ 6,955,533</b>

*See Notes to Schedule of Expenditures of Federal Awards*

<b>Accrued (Deferred) Revenue At July 1, 2010</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2011</b>
\$ 404,655	\$ 1,108,138	\$ 1,075,433	\$ 1,201,683	\$ 278,405
409,663	1,113,146	1,075,433	1,206,691	278,405
784,768	2,780,614	2,236,699	2,694,033	327,434
2,187	2,187	-	2,187	-
-	-	11,318	11,318	-
-	-	72,842	72,842	-
-	-	644	644	-
-	-	73,486	73,486	-
-	-	509,523	509,523	-
-	-	107,422	107,422	-
-	-	616,945	616,945	-
-	-	690,431	690,431	-
-	-	690,431	690,431	-
\$ 786,955	\$ 2,782,801	\$ 2,938,448	\$ 3,397,969	\$ 327,434

# **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

## **KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2011

### **Note A – Significant Accounting Policies**

This Schedule of Expenditures of Federal Awards (SEFA) was prepared using accounting policies consistent with those used in preparing the Basic Financial Statements.

### **Note B – Grant Section Auditors Report**

The amounts reported in the Grant Section Auditors Report reconcile with the SEFA.

### **Note C – Non-Cash Assistance**

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

### **Note D – Federal Income Reconciliation**

	<b>Grant Expenditures Per Schedule of Federal Financial Assistance</b>	<b>Federal Revenue Per Financial Statements</b>	<b>Difference</b>
Title I Cluster	\$ 536,659	\$ 536,659	\$ -
Title IC	113,300	113,300	-
Title IIA	86,344	86,344	-
Title III, Limited English	30,542	30,542	-
State Fiscal Stabilization Fund, ARRA	394,421	394,421	-
Special Education Cluster	1,075,433	1,075,433	-
Medical Assistance Program	11,318	11,318	-
Nutrition Cluster	690,431	690,431	-
	<b>\$ 2,938,448</b>	<b>\$ 2,938,448</b>	<b>\$ -</b>

# ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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## **KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2011

### **Section I - Summary of Auditor's Results**

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#### ***Financial Statements***

Type of auditor's report issued: *Unqualified*

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:

*Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ Yes        X     No

Identification of major programs audited:

    84.394    State Fiscal Stabilization Fund, ARRA

Title I Cluster:

    84.010    Title I

    84.389    Title I, ARRA

Special Education Cluster:

    84.027    I.D.E.A. Grants to States

    84.173    I.D.E.A. Preschool

    84.391    I.D.E.A. Grants to States, ARRA

    84.392    I.D.E.A. Preschool, ARRA

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)***

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**KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2011

**Section I - Summary of Auditor's Results (Continued)**

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Dollar threshold used to distinguish between  
Type A and Type B programs:

          \$300,000          

Auditee qualified as a low-risk auditee?

          X           Yes                                 No

**Section II - Financial Statements Audit Findings**

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

**Section III – Major Federal Award Programs Findings and Questioned Costs**

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There were no findings or questioned costs.