

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

Additional Reports Required by  
OMB Circular A-133

For the year ended June 30, 2012

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**KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2012

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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 5, 2012

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, 2012, which collectively comprise Kenowa Hills Public Schools' basic financial statements and have issued our report thereon dated November 5, 2012. 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.



Member

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, Aldwin, 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 5, 2012

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, 2012. 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, 2012.

**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, 2012, which collectively comprise Kenowa Hills Public Schools' basic financial statements, and have issued our report thereon dated November 5, 2012, 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, 2012

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:		
111530 1011	84.010	\$ 476,989
121530 1112		<u>451,766</u>
Total Title I		<u>928,755</u>
Title I, ARRA:		
111535 1011	84.389	<u>114,493</u>
Total Title I, ARRA		<u>114,493</u>
Total Title I Cluster		<u>1,043,248</u>
Title IC, Migrant Education:		
111890 1011	84.011	113,753
121890 1112		<u>121,949</u>
Total Title IC		<u>235,702</u>
Title IIA:		
110520 1011	84.367	153,247
120520 1112		<u>151,717</u>
Total Title IIA		<u>304,964</u>
Title III, Limited English Proficient Students:		
110580 1011	84.365	47,370
120580 1112		48,160
Passed through to sub-recipient - Cedar Springs Public Schools		-
Passed through to sub-recipient - Rockford Public Schools		<u>-</u>
Total Title III, Limited English Proficient Students		<u>95,530</u>

*See Notes to Schedule of Expenditures of Federal Awards*



<b>Accrued (Deferred) Revenue At July 1, 2011</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, 2012</b>
\$ 43,622	\$ 426,571	\$ -	\$ 43,622	\$ -
-	-	498,796	338,089	160,707
43,622	426,571	498,796	381,711	160,707
2,232	110,088	4,405	6,637	-
2,232	110,088	4,405	6,637	-
45,854	536,659	503,201	388,348	160,707
1,560	113,300	453	2,013	-
-	-	121,949	104,622	17,327
1,560	113,300	122,402	106,635	17,327
563	86,344	-	563	-
-	-	76,583	68,184	8,399
563	86,344	76,583	68,747	8,399
1,052	26,652	-	1,052	-
-	-	37,041	30,502	6,539
-	1,749	702	702	-
-	2,141	2,308	2,308	-
1,052	30,542	40,051	34,564	6,539

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

**KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2012

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Education Jobs Fund:	84.410	
102545 1011		\$ 694,803
112545 1112		<u>52,487</u>
Total Education Jobs Fund		<u>747,290</u>
Total Passed Through MDE		<u>2,426,734</u>
Passed through Kent Intermediate School District (KISD):		
Education For Homeless Children and Youth	84.196	
McKinney-Vento Homeless Grant:		
122320		<u>1,372</u>
Special Education Cluster:		
I.D.E.A. Grants to States:	84.027	
110450 1011		648,518
120450 1112		<u>596,447</u>
Total I.D.E.A. Grants to States		<u>1,244,965</u>
I.D.E.A. Preschool:	84.173	
110460 1011		21,618
120460 1112		<u>21,601</u>
Total I.D.E.A. Preschool		<u>43,219</u>
I.D.E.A. Grants to States, ARRA:	84.391	
110455 1011		<u>395,682</u>
I.D.E.A. Preschool, ARRA:	84.392	
100465 0910		<u>24,985</u>
Total Special Education Cluster		<u>1,708,851</u>
Total Passed Through KISD		<u>1,710,223</u>
<b>Total U.S. Department of Education</b>		<u><b>4,136,957</b></u>

*See Notes to Schedule of Expenditures of Federal Awards*

<b>Accrued (Deferred) Revenue At July 1, 2011</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, 2012</b>
\$ -	\$ -	\$ 694,803	\$ 694,803	\$ -
-	-	52,487	52,487	-
-	-	747,290	747,290	-
49,029	766,845	1,489,527	1,345,584	192,972
-	-	1,372	1,372	-
170,485	648,518	-	170,485	-
-	-	596,447	474,725	121,722
170,485	648,518	596,447	645,210	121,722
5,015	21,618	-	5,015	-
-	-	21,601	16,437	5,164
5,015	21,618	21,601	21,452	5,164
98,635	392,652	-	98,635	-
4,270	12,645	-	4,270	-
278,405	1,075,433	618,048	769,567	126,886
278,405	1,075,433	619,420	770,939	126,886
327,434	1,842,278	2,108,947	2,116,523	319,858

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

**KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2012

<b>Federal Grantor Pass Through Grantor Program Title Grant Number</b>	<b>Federal CFDA Number</b>	<b>Approved Grant Award Amount</b>
<b>U.S. Department of Health and Human Services</b>		
Passed through Kent Intermediate School District (KISD):		
Medical Assistance Program:		
1112 Medicaid Outreach	93.778	\$ 2,507
Corporation for National and Community Service		
Learn and Serve America School and Community Based Programs:		
MSBF-11-412559 1011	94.004	<u>600</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>3,107</u>
<b>U.S. Department of Agriculture</b>		
Passed through Michigan Department of Education (MDE):		
Nutrition Cluster:		
Non-Cash Assistance (U.S.D.A. Commodities):		
Entitlement Commodities	10.555	82,725
Bonus Commodities		<u>7,755</u>
Total Non-Cash Assistance		<u>90,480</u>
Cash Assistance:		
Lunch Program	10.555	549,143
Breakfast Program	10.553	<u>141,666</u>
Total Cash Assistance		<u>690,809</u>
Total Nutrition Cluster		<u>781,289</u>
<b>Total U.S. Department of Agriculture</b>		<u>781,289</u>
<b>Total Federal Financial Assistance</b>		<u>\$ 4,921,353</u>

*See Notes to Schedule of Expenditures of Federal Awards*

<b>Accrued (Deferred) Revenue At July 1, 2011</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, 2012</b>
\$ -	\$ 11,318	\$ 2,507	\$ 2,507	\$ -
-	-	600	600	-
-	11,318	3,107	3,107	-
-	-	82,725	82,725	-
-	-	7,755	7,755	-
-	-	90,480	90,480	-
-	-	549,143	549,143	-
-	-	141,666	141,666	-
-	-	690,809	690,809	-
-	-	781,289	781,289	-
-	-	781,289	781,289	-
\$ 327,434	\$ 1,853,596	\$ 2,893,343	\$ 2,900,919	\$ 319,858

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

## **KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2012

### **Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Kenowa Hills Public Schools under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of the States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Kenowa Hills Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows, as applicable, of Kenowa Hills Public 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 OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **NOTE C - Non-Cash Assistance**

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

### **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	\$ 503,201	\$ 503,201	\$ -
Title IC	122,402	122,402	-
Title IIA	76,583	76,583	-
Title III, Limited English	40,051	40,051	-
Education Jobs Fund	747,290	747,290	-
McKinney-Vento Homeless Grant	1,372	1,372	-
Special Education Cluster	618,048	618,048	-
Medical Assistance Program	2,507	2,507	-
Learn and Serve	600	600	-
Nutrition Cluster	781,289	781,289	-
	<u>\$ 2,893,343</u>	<u>\$ 2,893,343</u>	<u>\$ -</u>



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

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**KENOWA HILLS PUBLIC SCHOOLS**

For the year ended June 30, 2012

**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 are 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 are no findings or questioned costs.