

KELLOGGSVILLE PUBLIC SCHOOLS

Kent County, Michigan

Additional Reports Required by the Uniform Guidance

For the year ended June 30, 2024

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KELLOGGSVILLE PUBLIC SCHOOLS

For the year ended June 30, 2024

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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 26, 2024

The Board of Education
Kelloggsville Public 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 Kelloggsville Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Kelloggsville Public Schools' basic financial statements, and have issued our report thereon dated September 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kelloggsville Public 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 Kelloggsville Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Kelloggsville 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kelloggsville 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 financial statements. 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.

A handwritten signature in black ink that reads "Hungerford". The signature is written in a cursive, flowing style.

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 26, 2024

The Board of Education
Kelloggsville Public Schools
Kent County, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kelloggsville Public Schools' 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 Kelloggsville Public Schools' major federal programs for the year ended June 30, 2024. Kelloggsville Public Schools' 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, Kelloggsville 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 its major federal programs for the year ended June 30, 2024.

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). 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 Kelloggsville Public Schools 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 Kelloggsville Public Schools' 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 the provisions of contracts or grant agreements applicable to Kelloggsville Public Schools' federal programs.

Auditor's Responsibility 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 Kelloggsville Public Schools' 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 Kelloggsville Public Schools' 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 Kelloggsville Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Kelloggsville Public Schools' 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 the Kelloggsville Public Schools' 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.

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 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 Kelloggsville Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise of Kelloggsville Public Schools' basic financial statements. We issued our report thereon dated September 26, 2024, 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.



Certified Public Accountants
Grand Rapids, Michigan

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

KELLOGGSVILLE PUBLIC SCHOOLS

For the year ended June 30, 2024

| Federal Grantor Pass Through Grantor Program Title Grant Number | Assistance Listing Number | Approved Grant Award Amount |
|--|--|--|
| Passed through Michigan Department of Education: | | |
| Title I, Part A: | 84.010 | |
| 231530 2223 | | \$ 585,159 |
| 241530 2324 | | 610,660 |
| Total Title I, Part A | | <u>1,195,819</u> |
| Title II, Part A: | 84.367 | |
| 230520 2223 | | 84,996 |
| 240520 2324 | | 91,728 |
| Total Title II, Part A | | <u>176,724</u> |
| Title III, Part A: | 84.365 | |
| 230570 2223 | | 10,138 |
| 230580 2223 | | 78,418 |
| 240570 2324 | | 8,762 |
| 240580 2324 | | 83,610 |
| Total Title III, Part A | | <u>180,928</u> |
| Title IV, Part A: | 84.424 | |
| 240750 2324 | | 51,433 |
| Education Stabilization Fund: | 84.425 | |
| 213782 2223 ESSER II - Section 98c | 84.425D | 114,791 |
| 213713 2122 ARP ESSER III | 84.425U | 4,058,429 |
| 211012 - 2021 MV ARP Homeless II | 84.425W | 25,623 |
| Total Education Stabilization Funds | | <u>4,198,843</u> |

| Accrued (Deferred) Revenue At July 1, 2023 | (Memo Only) Prior Year Expenditures | Current Year Expenditures | Current Year Receipts (Cash Basis) | Accrued (Deferred) Revenue At June 30, 2024 |
|---|--|--------------------------------------|---|--|
| \$ 107,616 | \$ 565,074 | \$ - | \$ 107,616 | \$ - |
| - | - | 573,810 | 415,163 | 158,647 |
| 107,616 | 565,074 | 573,810 | 522,779 | 158,647 |
| 11,583 | 78,452 | - | 11,583 | - |
| - | - | 73,580 | 52,408 | 21,172 |
| 11,583 | 78,452 | 73,580 | 63,991 | 21,172 |
| 4,166 | 10,138 | - | 4,166 | - |
| 14,842 | 71,563 | - | 14,842 | - |
| - | - | 8,762 | 1,771 | 6,991 |
| - | - | 80,676 | 60,831 | 19,845 |
| 19,008 | 81,701 | 89,438 | 81,610 | 26,836 |
| - | - | 44,914 | 37,950 | 6,964 |
| 54,734 | 114,791 | - | 54,734 | - |
| 311,282 | 2,685,920 | 779,630 | 1,090,912 | - |
| - | - | 24,398 | - | 24,398 |
| 366,016 | 2,800,711 | 804,028 | 1,145,646 | 24,398 |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

KELLOGGSVILLE PUBLIC SCHOOLS

For the year ended June 30, 2024

| Federal Grantor Pass Through Grantor Program Title Grant Number | Assistance Listing Number | Approved Grant Award Amount |
|---|---------------------------------|-----------------------------------|
| Passed through Kent Intermediate School District: | | |
| Special Education Cluster: | | |
| I.D.E.A. Grants to States: | | |
| 221280 2122 | 84.027 | \$ 149,385 |
| 230450 2223 | | 580,672 |
| 240450 2324 | | <u>647,582</u> |
| Total I.D.E.A. Grants to States | | <u>1,377,639</u> |
| I.D.E.A. Preschool: | | |
| 221285 2122 | 84.173 | 17,565 |
| 230460 2223 | | 28,675 |
| 240460-2324 | | <u>28,274</u> |
| Total I.D.E.A. Preschool | | <u>74,514</u> |
| Total Special Education Cluster | | <u>1,452,153</u> |
| Passed through Calhoun Intermediate School District (CISD): | | |
| Title I, Part A: | | |
| 231580-Technical Assistance Grant | 84.010A | <u>18,075</u> |
| Total U.S. Department of Education | | <u>7,273,975</u> |
| U.S. Department of Health and Human Services | | |
| Passed through Kent Intermediate School District: | | |
| Medicaid Cluster: | | |
| Medical Assistance Program: | | |
| 2023 Medicaid Outreach | 93.778 | <u>9,558</u> |
| Total U.S. Department of Health and Human Services | | <u>9,558</u> |
| U.S. Department of Agriculture | | |
| Passed through Michigan Department of Education: | | |
| Local Food for Schools Cooperative Agreement Program: | | |
| 230985 2024 | 10.185 | <u>35,220</u> |

| Accrued (Deferred) Revenue At July 1, 2023 | (Memo Only) Prior Year Expenditures | Current Year Expenditures | Current Year Receipts (Cash Basis) | Accrued (Deferred) Revenue At June 30, 2024 |
|---|--|--------------------------------------|---|--|
| \$ 20,524 | \$ 75,912 | \$ - | \$ 20,524 | \$ - |
| 130,081 | 580,672 | - | 130,081 | - |
| - | - | 637,728 | 479,009 | 158,719 |
| 150,605 | 656,584 | 637,728 | 629,614 | 158,719 |
| 2,831 | 8,777 | - | 2,831 | - |
| 7,219 | 28,675 | - | 7,219 | - |
| - | - | 38,128 | 28,274 | 9,854 |
| 10,050 | 37,452 | 38,128 | 38,324 | 9,854 |
| 160,655 | 694,036 | 675,856 | 667,938 | 168,573 |
| 18,075 | 18,075 | - | 18,075 | - |
| 682,953 | 4,238,049 | 2,261,626 | 2,537,989 | 406,590 |
| 9,558 | 9,558 | 14,376 | 23,934 | - |
| 9,558 | 9,558 | 14,376 | 23,934 | - |
| - | - | 35,220 | 35,220 | - |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

KELLOGGSVILLE PUBLIC SCHOOLS

For the year ended June 30, 2024

| Federal Grantor Pass Through Grantor Program Title Grant Number | Assistance Listing Number | Approved Grant Award Amount |
|--|--|--|
| Child Nutrition Cluster: | | |
| Non-Cash Assistance (USDA Commodities): | 10.555 | |
| Entitlement Commodities | | \$ 143,649 |
| Cash Assistance: | | |
| School Breakfast Program: | 10.553 | |
| 231970 | | 471,207 |
| 241970 | | 409,588 |
| Total School Breakfast Program | | 880,795 |
| National School Lunch Program: | 10.555 | |
| 231960 | | 325,382 |
| 231980 | | 792 |
| 240910 | | 75,140 |
| 241960 | | 1,106,628 |
| 241980 | | 4,488 |
| Total National School Lunch Program | | 1,512,430 |
| Total Cash Assistance | | 2,393,225 |
| Total Child Nutrition Cluster | | 2,536,874 |
| Child and Adult Care Food Program (CACFP): | 10.558 | |
| 231920 | | 1,754 |
| 232010 | | 101 |
| 241920 | | 3,755 |
| 242010 | | 179 |
| Total CACFP Program | | 5,789 |
| Total U.S. Department of Agriculture | | 2,577,883 |
| Total Federal Financial Assistance | | \$ 9,861,416 |

| Accrued (Deferred) Revenue At July 1, 2023 | (Memo Only) Prior Year Expenditures | Current Year Expenditures | Current Year Receipts (Cash Basis) | Accrued (Deferred) Revenue At June 30, 2024 |
|---|--|--------------------------------------|---|--|
| \$ - | \$ - | \$ 143,649 | \$ 143,649 | \$ - |
| 8,688 | 385,029 | 77,490 | 86,178 | - |
| - | - | 415,535 | 409,588 | 5,947 |
| 8,688 | 385,029 | 493,025 | 495,766 | 5,947 |
| 15,523 | 1,115,965 | 209,417 | 224,940 | - |
| - | - | 792 | 792 | - |
| - | - | 75,140 | - | 75,140 |
| - | - | 1,106,628 | 1,096,813 | 9,815 |
| - | - | 4,488 | 4,488 | - |
| 15,523 | 1,115,965 | 1,396,465 | 1,327,033 | 84,955 |
| 24,211 | 1,500,994 | 1,889,490 | 1,822,799 | 90,902 |
| 24,211 | 1,500,994 | 2,033,139 | 1,966,448 | 90,902 |
| - | - | 1,754 | 1,754 | - |
| - | - | 100 | 100 | - |
| - | - | 3,755 | 3,755 | - |
| - | - | 179 | 179 | - |
| - | - | 5,788 | 5,788 | - |
| 24,211 | 1,500,994 | 2,074,147 | 2,007,456 | 90,902 |
| \$ 716,722 | \$ 5,748,601 | \$ 4,350,149 | \$ 4,569,379 | \$ 497,492 |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

KELLOGGSVILLE PUBLIC SCHOOLS

For the year ended June 30, 2024

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Kelloggsville Public Schools under programs of the federal government for the year ended June 30, 2024. 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 Kelloggsville Public Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows, as applicable, of Kelloggsville 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 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

Kelloggsville Public 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 NexSys 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 schedule for USDA donated food commodities.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

KELLOGGSVILLE PUBLIC SCHOOLS

For the year ended June 30, 2024

Note F - Federal Income Reconciliation

| | Grant Expenditures Per Schedule of Federal Financial Assistance | Federal Revenue Per Financial Statements | Difference |
|--|--|---|--------------------|
| Title I, Part A | \$ 573,810 | \$ 591,885 | \$ (18,075) * |
| Title II, Part A | 73,580 | 73,580 | - |
| Title III, Part A | 89,438 | 89,438 | - |
| Title IV, Part A | 44,914 | 44,914 | - |
| Education Stabilization Fund | 804,028 | 804,028 | - |
| Special Education Cluster | 675,856 | 675,856 | - |
| Medicaid Cluster | 14,376 | 14,376 | - |
| Local Food for Schools Cooperative Agreement | 35,220 | 35,220 | - |
| Child Nutrition Cluster | 2,033,139 | 2,033,139 | - |
| Child and Adult Care Food Program | 5,788 | 5,788 | - |
| | <u>\$ 4,350,149</u> | <u>\$ 4,368,224</u> | <u>\$ (18,075)</u> |

*The difference in federal grant expenditures to revenue per the financial statements is a result of amounts deferred at June 30, 2023. The balance was recognized as federal revenue in the financial statements for the year ended June 30, 2024.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

KELLOGGSVILLE PUBLIC SCHOOLS

For the year ended June 30, 2024

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: Child Nutrition Cluster:
10.553 - School Breakfast Program
10.555 - National School Lunch Program
84.425 - Education Stabilization Fund

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

KELLOGGSVILLE PUBLIC SCHOOLS

For the year ended June 30, 2024

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

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

\$750,000

Auditee qualified as a low-risk auditee?

X

Yes

 No

Section II - Financial Statements Audit Findings

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

Section III - Federal Award Programs Findings and Questioned Costs

There are no findings or questioned costs.