

Vicksburg Community Schools

Additional Reports Required by
OMB Circular A-133
Year Ended June 30, 2012

Vicksburg Community Schools

Additional Reports Required by *OMB Circular A-133*
Year Ended June 30, 2012

Vicksburg Community Schools

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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*

Independent Auditors' Report

Board of Education
Vicksburg Community Schools
Vicksburg, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vicksburg Community Schools (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 9, 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

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's 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 District'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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*.

This report is intended solely for the information and use of the board of education, management, others within the District, 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.

BDO USA, LLP

Certified Public Accountants

October 9, 2012



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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*

Independent Auditors' Report

Board of Education
Vicksburg Community Schools
Vicksburg, Michigan

Compliance

We have audited the compliance of the Vicksburg Community Schools (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditors' 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 the District's management. Our responsibility is to express an opinion on the District's 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 the 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District 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.

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Internal Control Over Compliance

The management of the District 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 the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 the District's internal control over compliance.

A deficiency in the District's 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 correct 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 the District, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 9, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* 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 other 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management, others within the District, 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.

BDO USA, LLP

Certified Public Accountants

October 9, 2012

Vicksburg Community Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

<i>Federal Grantor Pass Through Grantor Program/Project Number</i>	<i>Federal CFDA Number</i>	<i>Grant Award</i>	<i>(Memo Only) Prior Year Expenditures</i>
U.S. Department of Education:			
<i>Passed Through Michigan Department of Education:</i>			
Title I Part A:			
Project 111530-1011	84.010	\$ 264,606	\$ 262,375
Project 121530-1112	84.010	256,452	-
ARRA - Project 101535-0910	84.389	24,050	8,982
Total Title I Cluster		545,108	271,357
Title II Part A Improving Teacher Quality:			
Project 110520-1011	84.367	114,491	74,445
Project 120520-1112	84.367	128,688	-
Total Title II Part A Improving Teacher Quality		243,179	74,445
ARRA - Education Stabilization Fund:			
Project 112525-1011	84.394	300,510	300,510
Total ARRA - Education Stabilization Fund		300,510	300,510
Education Jobs Fund -			
Project 112545-1011	84.410	579,100	579,100
<i>Total Passed Through Michigan Department of Education</i>		1,667,897	1,225,412

Vicksburg Community Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

<i>Accrued Revenue June 30, 2011</i>	<i>Current Year Receipts</i>	<i>Current Year Expenditures</i>	<i>Adjustment</i>	<i>Accrued Revenue June 30, 2012</i>
\$ 74,562	\$ 76,792	\$ 2,230	\$ -	\$ -
-	190,130	256,416	-	66,286
8,982	24,050	15,068	-	-
83,544	290,972	273,714	-	66,286
15,419	17,235	1,816	-	-
-	97,580	97,580	-	-
15,419	114,815	99,396	-	-
300,510	300,510	-	-	-
300,510	300,510	-	-	-
279,238	279,238	-	-	-
678,711	985,535	373,110	-	66,286

See accompanying independent auditors' report and notes to Schedule of Expenditures of Federal Awards.

Vicksburg Community Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

<i>Federal Grantor Pass Through Grantor Program/Project Number</i>	<i>Federal CFDA Number</i>	<i>Grant Award</i>	<i>(Memo Only) Prior Year Expenditures</i>
U.S. Department of Education (Concluded):			
<i>Passed Through Kalamazoo Regional Educational Service Agency (KRESA):</i>			
IDEA - 120450-1112	84.027	\$ 44,329	\$ -
ARRA-IDEA - 100455-0910	84.391	227,603	182,112
Total IDEA Cluster		271,932	182,112
Carl D. Perkins Vocational Education - Project 123520-1212-20	84.048	41,417	-
Medicaid Outreach: October 2011 - December 2011	93.778	3,646	-
Total Passed Through KRESA		316,995	182,112
Total U.S. Department of Education		1,984,892	1,407,524
U.S. Department of Agriculture:			
<i>Passed Through Michigan Department of Education:</i>			
Child Nutrition Cluster:			
National School Lunch Program - Cash Assistance:			
Project 111960	10.555	34,434	-
Project 121960	10.555	291,214	-
National Summer School Lunch Program:			
Project 110900	10.559	2,628	-
Project 111900	10.559	276	-
Non-Cash Assistance:			
Entitlement Commodities	10.555	59,834	-
Bonus Commodities	10.555	6,241	-
National School Lunch - Breakfast Program:			
Project 111970	10.553	6,980	-
Project 121970	10.553	74,363	-
Total Child Nutrition Cluster and U.S. Department of Agriculture		475,970	-
Total Federal Awards		\$ 2,460,862	\$ 1,407,524

Vicksburg Community Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

<i>Accrued Revenue June 30, 2011</i>	<i>Current Year Receipts</i>	<i>Current Year Expenditures</i>	<i>Adjustment</i>	<i>Accrued Revenue June 30, 2012</i>
\$ -	\$ 44,329	\$ 44,329	\$ -	\$ -
182,112	226,100	104,050	(60,062) ¹	-
182,112	270,429	148,379	(60,062)	-
-	41,417	41,417	-	-
-	3,646	3,646	-	-
182,112	315,492	193,442	(60,062)	-
860,823	1,301,027	566,552	(60,062)	66,286
-	34,434	34,434	-	-
-	291,214	291,214	-	-
-	2,628	2,628	-	-
-	276	276	-	-
-	59,834	59,834	-	-
-	6,241	6,241	-	-
-	6,980	6,980	-	-
-	74,363	74,363	-	-
-	475,970	475,970	-	-
\$ 860,823	\$ 1,776,997	\$ 1,042,522	\$ (60,062)	\$ 66,286

¹ Reclassification of expenditures made in a prior year to the current fiscal year based on revised guidance from the Michigan Department of Education.

See accompanying independent auditors' report and notes to Schedule of Expenditures of Federal Awards.

Vicksburg Community Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

Note 1

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2

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

Note 3

Inventory values are based on the USDA value for donated food commodities and include spoilage.

Note 4

Total current year federal expenditures less the adjustment amount agrees to total federal revenue sources reported in the financial statements.

See accompanying independent auditors' report.

Vicksburg Community Schools

Summary of Auditors' Results and Schedule of Findings and Questioned Costs Year Ended June 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified?	No (none reported)
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified?	No (none reported)
Type of auditors' 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 <i>Circular A-133</i> ?	No
Identification of major programs:	
<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
IDEA Cluster	84.027 and 84.391
Title I Cluster	84.010 and 84.389
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

