
Hudsonville Public Schools

Federal Awards Supplemental Information
June 30, 2019

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4-5

Schedule of Expenditures of Federal Awards	6-7
---	-----

Notes to Schedule of Expenditures of Federal Awards	8
--	---

Schedule of Findings and Questioned Costs	9-11
--	------

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Hudsonville Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hudsonville Public Schools (the "School District") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 28, 2019, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 28, 2019.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 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 financial statements as a whole.

Plante & Moran, PLLC

October 28, 2019

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 Auditor's Report

To Management and the Board of Education
Hudsonville Public Schools

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hudsonville Public Schools (the "School District") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 School District'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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2019-001, that we consider to be a material weakness.

Compliance and Other Matters

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

The School District's Response to the Finding

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion it.

To Management and the Board of Education
Hudsonville Public Schools

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 School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

October 28, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Hudsonville Public Schools

Report on Compliance for Each Major Federal Program

We have audited Hudsonville Public Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2019. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

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* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 School 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

To the Board of Education
Hudsonville Public Schools

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Plante & Moreau, PLLC

October 28, 2019

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2018	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2019	Current Year Cash Transferred to Subrecipients
Clusters:										
Special Education Cluster - U.S. Department of Education -										
Passed through Ottawa Area ISD:										
IDEA Flowthrough:										
Special Education - Grants to States 17/18	180450-1718	84.027	\$ 1,314,637	\$ 1,314,637	\$ 498,784	\$ -	\$ 498,784	\$ -	\$ -	\$ -
Special Education - Grants to States 18/19	190450-1819	84.027	<u>1,371,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,291</u>	<u>1,371,418</u>	<u>526,127</u>	<u>-</u>
Total Grants to States			2,686,055	1,314,637	498,784	-	1,344,075	1,371,418	526,127	-
Special Education - Preschool Grants 17/18	180460-1718	84.173	33,243	33,243	12,231	-	12,231	-	-	-
Special Education - Preschool Grants 18/19	190460-1819	84.173	<u>36,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,647</u>	<u>36,534</u>	<u>13,887</u>	<u>-</u>
Total Preschool			<u>69,777</u>	<u>33,243</u>	<u>12,231</u>	<u>-</u>	<u>34,878</u>	<u>36,534</u>	<u>13,887</u>	<u>-</u>
Total Special Education cluster			2,755,832	1,347,880	511,015	-	1,378,953	1,407,952	540,014	-
Medical Cluster - U.S. Department of Health and Human Service -										
Passed through Ottawa Area ISD - Medical Assistance Program										
Total cluster programs		93.778	<u>6,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,183</u>	<u>6,183</u>	<u>-</u>	<u>-</u>
Total cluster programs			2,762,015	1,347,880	511,015	-	1,385,136	1,414,135	540,014	-
Other federal awards:										
U.S. Department of Agriculture -										
Passed through State of Michigan Department of Agriculture -										
Child and Adult Food Care Program:										
2017-2018	181920	10.558	37,936	33,036	1,522	-	6,422	4,900	-	-
2017-2018	182010	10.558	4,476	3,796	264	-	944	680	-	-
2018-2019	191920	10.558	43,585	-	-	-	34,995	43,585	8,590	-
2018-2019	192010	10.558	<u>3,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,586</u>	<u>3,304</u>	<u>718</u>	<u>-</u>
Total Child and Adult Food Care Program			89,301	36,832	1,786	-	44,947	52,469	9,308	-

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2018	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2019	Current Year Cash Transferred to Subrecipients
Other federal awards (continued):										
U.S. Department of Education:										
Passed through the Michigan Department of Education -										
Title I, Part A:										
2017-2018	181530 1718	84.010	\$ 212,243	\$ 182,834	\$ 43,869	\$ -	\$ 49,578	\$ 5,709	\$ -	\$ -
2018-2019	191530 1819	84.010	<u>199,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,421</u>	<u>158,623</u>	<u>52,202</u>	<u>-</u>
Total Title I, Part A			411,540	182,834	43,869	-	155,999	164,332	52,202	-
Title II, Part A - Improving Teacher Quality:										
2017-2018	180520 1718	84.367	134,982	116,518	44,114	-	47,379	3,275	10	-
2018-2019	190520 1819	84.367	<u>173,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,444</u>	<u>125,471</u>	<u>33,027</u>	<u>-</u>
Total Title II, Part A			308,955	116,518	44,114	-	139,823	128,746	33,037	-
Title IV, Part A - Student Support and Academic Enrichment:										
2017-2018	180750 1718	84.424	10,000	4,141	4,141	-	5,255	1,114	-	-
2018-2019	190750 1819	84.424	<u>17,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,518</u>	<u>14,302</u>	<u>4,784</u>	<u>-</u>
Total Title IV, Part A			27,048	4,141	4,141	-	14,773	15,416	4,784	-
Passed through Kent ISD - Title III, A LEP		84.365	9,916	-	-	-	8,541	9,159	618	-
Passed through Ottawa Area ISD - Education for Homeless Children and Youth 18/19	192320-1819	84.196	1,874	-	-	-	1,874	1,874	-	-
Passed through ECIC - ECIC - Early Learning Award		84.412A	<u>1,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,268</u>	<u>1,268</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Education noncluster programs			<u>760,601</u>	<u>303,493</u>	<u>92,124</u>	<u>-</u>	<u>322,278</u>	<u>320,795</u>	<u>90,641</u>	<u>-</u>
Total federal awards			<u>\$ 3,611,917</u>	<u>\$ 1,688,205</u>	<u>\$ 604,925</u>	<u>\$ -</u>	<u>\$ 1,752,361</u>	<u>\$ 1,787,399</u>	<u>\$ 639,963</u>	<u>\$ -</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Hudsonville Public Schools (the "School District") under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The School District has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted?

 Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

 Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.027, 84.173	Special Education Cluster - IDEA	Unmodified

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

Section II - Financial Statement Audit Findings

Reference Number	Finding
2019-001	<p>Finding Type - Material weakness</p> <p>Criteria - In accordance with Governmental Accounting Standards Board (GASB) Statements Nos. 63 and 65, restricted revenue sources received by the School District that relate to a contribution towards expenditures of a future period should be recorded as a deferred inflow of resources as opposed to revenue. Furthermore, GASB Statement No. 34 requires that the School District record all current and long-term liabilities related to compensated absences and employee retirement incentives on the government-wide financial statements.</p> <p>Condition - The School District did not accurately report the deferred inflow of resources related to restricted funding received from the State of Michigan, the liabilities related to compensated absences, or the complete liability related to employee retirement incentives as of June 30, 2018.</p> <p>Context - The net position of the statement of net position was overstated at June 30, 2018 as a result of the incorrect accounting for the aforementioned transactions.</p> <p>Cause - The School District was unaware of the specific accounting requirements for the aforementioned transactions.</p> <p>Effect - The 2018 financial statements were materially misstated. Net position on the government-wide financial statements was restated as of July 1, 2018 to include the deferred inflow of resources and other liabilities in the amount of \$5,583,914.</p> <p>Recommendation - We recommend that the School District ensure that it is aware of, preparing, and reviewing the amounts that are required to be recorded on the government-wide financial statements.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Hudsonville Public Schools agrees with the above recommendation. The School District will implement procedures to ensure the proper calculation and review of the adjustments related to the government-wide financial statements occur on an annual basis.</p>

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	