

# **Port Huron Area School District**

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**Federal Awards  
Supplemental Information  
June 30, 2012**

# Port Huron Area School District

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## Independent Auditor's Report

To the Board of Education  
Port Huron Area School District

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Port Huron Area School District (the "School District") as of and for the year ended June 30, 2012, which collectively comprise Port Huron Area School District's basic financial statements, and have issued our report thereon dated October 2, 2012. These basic financial statements are the responsibility of Port Huron Area School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Port Huron Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

October 2, 2012

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 the Board of Education  
Port Huron Area School District

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Port Huron Area School District (the "School District") as of and for the year ended June 30, 2012, which collectively comprise Port Huron Area School District's basic financial statements, and have issued our report thereon dated October 2, 2012. We have 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 Port Huron Area School 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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 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.

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.

To the Board of Education  
Port Huron Area School District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Port Huron Area School 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 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.

*Plante & Morse, PLLC*

October 2, 2012

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 Auditor's Report

To the Board of Education  
Port Huron Area School District

**Compliance**

We have audited the compliance of Port Huron Area School District (the "School 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 its major federal programs for the year ended June 30, 2012. The major federal programs of Port Huron Area School District 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 Port Huron Area School District's management. Our responsibility is to express an opinion on Port Huron Area School 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 Port Huron Area 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. Our audit does not provide a legal determination on Port Huron Area School District's compliance with those requirements.

In our opinion, Port Huron Area School 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.

To the Board of Education  
Port Huron Area School District

### **Internal Control Over Compliance**

The management of Port Huron Area School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Port Huron Area School District's internal control over compliance with 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 entity'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.

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.

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.

*Plante & Morse, PLLC*

October 2, 2012

# Port Huron Area School District

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2011	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2012
Clusters:								
Child Nutrition Cluster:								
U.S. Department of Agriculture - Passed through the Michigan Department of Education:								
Noncash Assistance (Commodities) -								
National School Lunch Program - Entitlement	10.555	\$ 279,340	\$ -	\$ -	\$ -	\$ 243,304	\$ 243,304	\$ -
National School Lunch Program - Bonus		16,979	-	-	-	16,979	16,979	-
Cash Assistance:								
National School Breakfast Program - 2010-11	10.553	452,312	452,312	32,455	-	32,455	-	-
National School Breakfast Program - 2011-12		673,959	-	-	-	546,030	673,959	127,929
Total National School Breakfast Program		1,126,271	452,312	32,455	-	578,485	673,959	127,929
National School Lunch Program:								
2010-2011 Lunch	10.555	1,733,161	1,733,161	106,701	-	106,701	-	-
2010-2011 Snacks		29,347	29,347	1,621	-	1,621	-	-
2011-2012 Lunch		2,142,645	-	-	-	1,776,222	2,142,645	366,423
2011-2012 Snacks		35,596	-	-	-	30,558	35,596	5,038
Total National School Lunch Program		3,940,749	1,762,508	108,322	-	1,915,102	2,178,241	371,461
Summer Food Service Program for Children:								
2010-2011	10.559	23,950	23,950	5,165	-	5,165	-	-
2011-2012		51,525	-	-	-	41,131	51,525	10,394
Total Summer Food Service Program for Children		75,475	23,950	5,165	-	46,296	51,525	10,394
Cash Assistance Subtotal		5,142,495	2,238,770	145,942	-	2,539,883	2,903,725	509,784
Total Child Nutrition Cluster		5,438,814	2,238,770	145,942	-	2,800,166	3,164,008	509,784
Medicaid Cluster - Michigan Department of Community Health - Passed through the St. Clair RESA - Medicaid Administrative Outreach:								
2010-2011	93.778	74,185	74,185	22,750	-	22,750	-	-
2011-2012		25,147	-	-	-	7,393	25,147	17,754
Total Medicaid Administrative Outreach		99,332	74,185	22,750	-	30,143	25,147	17,754

See Notes to Schedule of Expenditures of Federal Awards.



# Port Huron Area School District

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2012

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2011	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2012
Clusters (Continued):								
Special Education Cluster - U.S. Department of Education - Passed through the St. Clair County RESA:								
IDEA:	84.027							
Project number 100450-0910 C/O		\$ 242,511	\$ 242,511	\$ 126,544	\$ -	\$ 126,544	\$ -	\$ -
Project number 110450-1011		2,505,351	2,229,087	758,334	-	758,334	-	-
Project number 110450-1011 C/O		276,265	-	-	-	189,018	276,265	87,247
Project number 120450-1112		2,360,932	-	-	-	1,468,393	2,274,137	805,744
Project number 110450-1011 (CRC)		12,480	9,821	440	-	440	-	-
Total IDEA		5,397,539	2,481,419	885,318	-	2,542,729	2,550,402	892,991
ARRA-IDEA 09-ARRA 09-10 / 10-11	84.391	4,594,499	2,852,443	277,203	-	277,203	-	-
Total IDEA		9,992,038	5,333,862	1,162,521	-	2,819,932	2,550,402	892,991
Preschool Incentive:	84.173							
Project number 100460-0910 C/O		12,729	12,729	4,389	-	4,389	-	-
Project number 100460-1011		75,974	75,974	32,378	-	32,378	-	-
Project number 120460-1112		65,539	-	-	-	41,578	58,452	16,874
Total Preschool Incentive		154,242	88,703	36,767	-	78,345	58,452	16,874
ARRA-Preschool 09-ARRA 09-10 / 10-11	84.392a	172,975	98,191	4,945	-	4,945	-	-
Total Preschool Incentive		327,217	186,894	41,712	-	83,290	58,452	16,874
Total Special Education Cluster		10,319,255	5,520,756	1,204,233	-	2,903,222	2,608,854	909,865
Education Jobs Fund Cluster - U.S. Department of Education - Passed through the Michigan Department of Education - Education Jobs Fund - Project number 112545-1112	84.410	169,456	-	-	-	169,456	169,456	-

See Notes to Schedule of Expenditures  
of Federal Awards.

# Port Huron Area School District

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2012

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2011	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2012
Clusters (Continued):								
U.S. Department of Education (Continued):								
Title I Part A Cluster - U.S. Department of Education -								
Passed through the Michigan Department of Education:								
Title I Part A:								
Project number 111530/1011	84.010	\$ 3,293,454	\$ 2,975,720	\$ 386,760	\$ -	\$ 386,760	\$ -	\$ -
Project number 121530/1112		3,372,099	-	-	-	2,389,273	2,955,683	566,410
Total Title I Part A		6,665,553	2,975,720	386,760	-	2,776,033	2,955,683	566,410
ARRA-Title I A 111535/1011	84.389	876,312	876,312	159,249	-	159,249	-	-
Total Title I Part A Cluster		7,541,865	3,852,032	546,009	-	2,935,282	2,955,683	566,410
Title II Part D Cluster - U.S. Department of Education -								
Passed through the Michigan Department of Education:								
Title II Part D Ed Tech CP 104240	84.318	200,000	200,000	51,255	-	51,255	-	-
ARRA-Title II Part D 114295/1011	84.386	20,125	19,699	2,646	-	2,980	334	-
Passed through the St. Clair RESA -								
Title II Part D Enhancing Education through Technology, Regional Data Initiatives	84.318	9,973	-	-	-	9,973	9,973	-
Total Title II Part D Cluster		230,098	219,699	53,901	-	64,208	10,307	-
Other federal awards:								
U.S. Department of Education:								
Passed through the Michigan Department of Education:								
Safe and Drug-free Schools and Communities -	84.186							
Project number 112860/1011		12,534	12,274	116	-	116	-	-

See Notes to Schedule of Expenditures  
of Federal Awards.

# Port Huron Area School District

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2012

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2011	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2012
Other federal awards (Continued)								
U.S. Department of Education (Continued):								
Passed through the Michigan Department of Education (Continued):								
Adult Education:	84.002							
Project number 111130 111087		\$ 51,300	\$ 51,300	\$ 2,127	\$ -	\$ 2,127	\$ -	\$ -
Project number 121130 121087		60,000	-	-	-	55,785	60,000	4,215
Total Adult Education		111,300	51,300	2,127	-	57,912	60,000	4,215
Title IIA Improving Teacher Quality:	84.367							
Project number 110520/1011		1,062,172	816,141	134,262	-	134,262	-	-
Project number 120520/1112		923,882	-	-	-	482,040	526,484	44,444
Total Title IIA Improving Teacher Quality		1,986,054	816,141	134,262	-	616,302	526,484	44,444
21st Century Community Learning Center:	84.287							
Project number 112110 E08001		750,000	740,110	146,146	-	146,146	-	-
Project number 112110 E08002		750,000	748,887	113,817	-	113,817	-	-
Project number 112110 F09055		300,000	296,577	40,563	-	40,563	-	-
Project number 122110 E08001		675,000	-	-	-	548,917	669,653	120,736
Project number 122110 E08002		675,000	-	-	-	485,545	661,786	176,241
Project number 122110 F09055		270,000	-	-	-	189,192	248,319	59,127
Total 21st Century Community Learning Center		3,420,000	1,785,574	300,526	-	1,524,180	1,579,758	356,104
21st Century - Before/After School Summer Expansion -	93.558							
Project number 112130 SE11044		225,000	4,379	4,379	-	182,456	178,077	-
Child Care Food Program 1011	10.558	136,826	136,826	7,079	-	7,079	-	-
Child Care Food Program 1112		153,503	-	-	-	147,796	153,503	5,707
Total Child Care Food Program		290,329	136,826	7,079	-	154,875	153,503	5,707
Total noncluster programs passed through the Michigan Department of Education		6,045,217	2,806,494	448,489	-	2,535,841	2,497,822	410,470

See Notes to Schedule of Expenditures  
of Federal Awards.

# Port Huron Area School District

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2012

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2011	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2012
Other federal awards (Continued):								
U.S. Department of Education (Continued):								
Passed through the Macomb ISD -								
Title III Limited English Proficient Funds - 120580-1112	84.365A	\$ 10,758	\$ -	\$ -	\$ -	\$ 6,443	\$ 6,601	\$ 158
Total U.S. Department of Education noncluster programs		6,055,975	2,806,494	448,489	-	2,542,284	2,504,423	410,628
National Endowment for the Humanities -								
Passed through the Michigan Humanities Council -								
Promotion of the Humanities - We the People -								
Michigan Great Lakes Shipwreck Film Project	45.168	1,000	-	-	-	600	600	-
Total federal awards		<u>\$ 29,855,795</u>	<u>\$ 14,711,936</u>	<u>\$ 2,421,324</u>	<u>\$ -</u>	<u>\$ 11,445,361</u>	<u>\$ 11,438,478</u>	<u>\$ 2,414,441</u>

# **Port Huron Area School District**

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

### **Note 1 - Basis of Presentation and Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Port Huron Area School District under programs of the federal government for the year ended June 30, 2012. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Port Huron Area School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Port Huron Area School District. Pass-through entity identifying numbers are presented where available.

### **Note 2 - Grant Auditor Report**

Management has utilized Form R-7120 and 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.

### **Note 3 - Noncash Assistance**

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

# Port Huron Area School District

## Schedule of Findings and Questioned Costs Year Ended June 30, 2012

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

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  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  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.553, 10.559 84.367	Child Nutrition Cluster Title II A

Dollar threshold used to distinguish between type A and type B programs: \$343,154

Auditee qualified as low-risk auditee?  Yes  No

# **Port Huron Area School District**

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2012**

### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None