



Dave Yost • Auditor of State

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture					
<i>Passed through Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$237,187		\$237,187	
National School Lunch Program	10.555	1,163,174	\$355,378	1,163,174	\$355,378
Total Child Nutrition Cluster		<u>1,400,361</u>	<u>355,378</u>	<u>1,400,361</u>	<u>355,378</u>
Child and Adult Care Food Program	10.558	19,108		19,108	
Team Nutrition Grants	10.574	1,415		2,750	
Total U.S. Department of Agriculture		<u>1,420,884</u>	<u>355,378</u>	<u>1,422,219</u>	<u>355,378</u>
U.S. Department of Education					
<i>Passed through Ohio Department of Education</i>					
Adult Education - Basic Grants to States	84.002	107,308		106,896	
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	1,239,956		1,219,396	
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	194,104		125,246	
Total Title I, Part A Cluster		<u>1,434,060</u>		<u>1,344,642</u>	
Special Education Cluster:					
Special Education_Grants to States	84.027	1,581,879		1,559,407	
ARRA Special Education_Grants to States, Recovery Act	84.391	153,260		83,960	
Special Education Preschool Grants	84.173	6,372		5,675	
ARRA Special Education Preschool Grants, Recovery Act	84.392	27,635		13,946	
Total Special Education Cluster		<u>1,769,146</u>		<u>1,662,988</u>	
Even Start State Educational Agencies	84.213	99,012		104,559	
Educational Technology State Grants	84.318	1,444		8,021	
English Language Acquisition State Grants	84.365	36,638		31,104	
Improving Teacher Quality State Grants	84.367	309,260		225,303	
ARRA State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394			6,533	
ARRA State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	217,191		229,214	
Education Jobs Fund	84.410	629,173		629,173	
<i>Passed through Centerville City School District</i>					
Career and Technical Education - Basic Grants to States	84.048	74,883		61,595	
Total U.S. Department of Education		<u>4,678,115</u>		<u>4,410,028</u>	
Total Federal Financial Assistance		<u>\$6,098,999</u>	<u>\$355,378</u>	<u>\$5,832,247</u>	<u>\$355,378</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Kettering City School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C - FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (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 December 17, 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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 material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 17, 2012.

We intend this report solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

December 17, 2012



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

Compliance

We have audited the compliance of Kettering City School District, Montgomery County (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 directly and materially affect each of the Kettering City School District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Kettering City School District, Montgomery County, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The District's management 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 requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining 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 opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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 Federal Awards Receipts and Expenditures

We have also audited and issued our unqualified opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Kettering City School District (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures provides additional information required by the 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. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

December 17, 2012

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No

(d)(1)(vii)	Major Programs (list):	<p>Special Education Cluster: Special Education – Grants to States: CFDA #84.027 Special Education Preschool Grants: CFDA #84.173 ARRA – Special Education Grants to States: CFDA #84.391 ARRA – Special Education Preschool Grants: CFDA #84.392</p> <p>Title I, Part A Cluster: Title I, Grants to Local Educational Agencies: CFDA #84.010 ARRA – Title I Grants to Local Educational Agencies: CFDA #84.389</p> <p>ARRA – State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants: CFDA #84.395</p> <p>Education Jobs Fund: CFDA #84.410</p>
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	<p>Type A: > \$ 300,000 Type B: all others</p>
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness - Errors in the calculation of due from other governments	Yes	
2011-002	34 CFR 80.20(b)(7) and 34 CFR 80.21 (h)(2)(i) - Failure to spend SFSF cash advance payments within the required time frame	Yes	
2011-003	2 CFR Part 225 Appendix B paragraph 8.g.2 - Questioned cost – Improper severance payment charged to ARRA Title I grant	Yes	

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KETTERING CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2013**