

# **Novi Community School District**

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**Federal Awards  
Supplemental Information  
June 30, 2015**

# Novi Community School District

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Report on Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Education  
Novi Community School District

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Novi Community School District (the "School District") as of and for the year ended June 30, 2015, 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 19, 2015, which contained an unmodified opinion with an emphasis of matter related to the implementation of the GASB Nos. 68 and 71 accounting standards in the basic financial statements of the School District. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited basic financial statements subsequent to October 19, 2015.

The accompanying schedule of expenditures of federal awards and the reconciliation of the basic financial statements federal revenue with the schedule of expenditures of federal awards are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are 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 basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

Clinton Township, Michigan  
October 19, 2015



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  
Novi Community School District

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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Novi Community School District (the "School District") as of and for the year ended June 30, 2015 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 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered Novi Community 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 basic 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. 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 may exist that have not been identified.

To Management and the Board of Education  
Novi Community School District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Novi Community School District's basic 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*.

### **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 & Moran, PLLC*

Clinton Township, Michigan  
October 19, 2015

Report on Compliance for the Major Federal Program;  
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Education  
Novi Community School District

**Report on Compliance for the Major Federal Program**

We have audited Novi Community School District's (the "School District") compliance 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 its major federal program for the year ended June 30, 2015. Novi Community 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Novi Community School District's major federal program 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 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 Novi Community 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 the major federal program. However, our audit does not provide a legal determination of Novi Community School District's compliance.

To the Board of Education  
Novi Community School District

### ***Opinion on the Major Federal Program***

In our opinion, Novi Community 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 its major federal program for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of Novi Community 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 Novi Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 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.

To the Board of Education  
Novi Community School District

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

Clinton Township, Michigan  
October 19, 2015



# Novi Community School District

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2014	Adjustments	Current Year Receipts	Expenditures	Accrued (Deferred) Revenue at June 30, 2015
U.S. Department of Education - Passed through Michigan								
Department of Education:								
Title I, Part A - Improving Basic Programs:								
141530-1314 Regular	84.010	\$ 298,214	\$ 157,297	\$ 17,813	\$ -	\$ 28,654	\$ 10,841	\$ -
151530-1415 Regular	84.010	<u>386,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,336</u>	<u>265,495</u>	<u>58,159</u>
Total Title I, Part A		685,013	157,297	17,813	-	235,990	276,336	58,159
Title II, Part A - Teacher/Principal Training & Recruiting:								
140520-1314 Regular	84.367	144,623	132,826	20,330	-	20,330	-	-
150520-1415 Regular	84.367	<u>129,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,371</u>	<u>125,294</u>	<u>26,923</u>
Total Title II, Part A		274,125	132,826	20,330	-	118,701	125,294	26,923
Title III - Limited English Proficiency:								
140580-1314 Regular	84.365	121,459	86,404	11,832	(3,881)	11,191	3,240	-
150580-1415 Regular	84.365	<u>164,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,147</u>	<u>66,563</u>	<u>34,416</u>
Total Title III LEP		285,814	86,404	11,832	(3,881)	43,338	69,803	34,416
Adult Education - Basic Grants to States:								
141130-1314 Federal Adult Education ABE Instruction	84.002	101,980	75,025	2,838	-	2,838	-	-
151130-1415 Federal Adult Education ABE Instruction	84.002	80,000	-	-	-	80,000	80,000	-
151120-1415 Federal Adult Education ABE Instruction	84.002	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Total Adult Education - Basic Grants to States		<u>199,980</u>	<u>75,025</u>	<u>2,838</u>	<u>-</u>	<u>100,838</u>	<u>98,000</u>	<u>-</u>
Total U.S. Department of Education - Passed through Michigan Department of Education		1,444,932	451,552	52,813	(3,881)	498,867	569,433	119,498

See Notes to Schedule of Expenditures  
of Federal Awards.

# Novi Community School District

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2014	Adjustments	Current Year Receipts	Expenditures	Accrued (Deferred) Revenue at June 30, 2015
U.S. Department of Education - Passed through Michigan								
Department of Education - Passed through Oakland County								
Intermediate School District:								
Federal Assistance for the Education of Handicapped Persons -								
Special Education Cluster:								
140450 Flowthrough	84.027A	\$ 952,437	\$ 916,760	\$ 84,654	\$ -	\$ 115,913	\$ 31,259	\$ -
150450 Flowthrough	84.027A	993,724	-	-	-	941,982	965,482	23,500
150460 Preschool	84.173A	29,158	-	-	-	29,158	29,158	-
Total Federal Assistance for the Education of Handicapped Persons - Special Education Cluster		<u>1,975,319</u>	<u>916,760</u>	<u>84,654</u>	<u>-</u>	<u>1,087,053</u>	<u>1,025,899</u>	<u>23,500</u>
Total U.S. Department of Education		3,420,251	1,368,312	137,467	(3,881)	1,585,920	1,595,332	142,998
U.S. Department of Health and Human Services - Passed through Michigan								
Department of Education - Passed through Oakland County								
Intermediate School District - MDCH Medicaid Administrative								
Outreach Cluster - 2014/2015 Medicaid	93.778	13,646	-	-	-	13,646	13,646	-
U.S. Department of Agriculture - Passed through Michigan								
Department of Education - Child Nutrition Cluster:								
National School Breakfast Program 13-14	10.553	23,843	23,843	1,368	-	1,368	-	-
National School Lunch Program 13-14	10.555	281,543	281,543	12,327	-	12,327	-	-
National School Breakfast Program 14-15	10.553	28,234	-	-	-	28,234	28,234	-
National School Lunch Program 14-15	10.555	293,089	-	-	-	293,089	293,089	-
Child and Adult Care Food Program 14-15	10.558	388	-	-	-	388	388	-
Donated Food Commodities - Entitlement	10.550	94,555	-	-	-	94,555	94,555	-
Total Child Nutrition Cluster		<u>721,652</u>	<u>305,386</u>	<u>13,695</u>	<u>-</u>	<u>429,961</u>	<u>416,266</u>	<u>-</u>
Total all programs		<u>\$ 4,155,549</u>	<u>\$ 1,673,698</u>	<u>\$ 151,162</u>	<u>\$ (3,881)</u>	<u>\$ 2,029,527</u>	<u>\$ 2,025,244</u>	<u>\$ 142,998</u>

See Notes to Schedule of Expenditures  
of Federal Awards.

# **Novi Community School District**

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## **Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2015**

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 2,021,363
Plus adjustment related to matter described in Note 5	<u>3,881</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 2,025,244</u>

# **Novi Community School District**

## **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015**

### **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 Novi Community School District under programs of the federal government for the year ended June 30, 2015. 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 Novi Community School District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of Novi Community School District. Pass-through entity identifying numbers are presented where available.

### **Note 2 - Noncash Assistance**

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

The grantee received noncash assistance in the form of entitlement commodities during the the year ended June 30, 2015, which is included on the schedule of expenditures of federal awards.

### **Note 3 - 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.

# Novi Community School District

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

### Note 4 - Subrecipient Awards

Of the federal expenditures presented in the Schedule, federal awards were provided to subrecipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title II, Part A - Teacher/Principal Training & Recruiting	84.367	\$ 15,345
Title III - Limited English Proficiency	84.365	<u>30,297</u>
Total		<u>\$ 45,642</u>

### Note 5 - Adjustments and Transfers

During the year ended June 30, 2014, \$3,881 of Title III expenditures were requested for reimbursement in excess of expenditures incurred. Current year receipts were reduced by \$3,881 from the pass-through agency in order to correct for this item.

# Novi Community School District

## Schedule of Findings and Questioned Costs Year Ended June 30, 2015

### 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  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: Unmodified

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 program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027A, 84.173A	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

# **Novi Community School District**

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015**

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

None

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

None