

Novi Community School District

**Federal Awards
Supplemental Information
June 30, 2013**

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, 2013 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 23, 2013, which contained an unmodified opinion on 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 23, 2013.

The accompanying schedule of expenditures of federal awards is 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 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 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 23, 2013



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, 2013 and related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 23, 2013.

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 opinion 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 basic 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*.

We noted certain matters that we have reported to management of Novi Community School District in a separate letter dated October 23, 2013.

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 23, 2013

Report on Compliance for Each 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 Each 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 each of its major federal programs for the year ended June 30, 2013. Novi Community School District's major federal programs are 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 each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Novi Community 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 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 each 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 Each 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 each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The 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 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 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.

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 23, 2013

Novi Community School District

Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

| Federal Grantor/ Pass-through Grantor Program Title/Grantor's Number | Federal CFDA Number | Program Award/ Amount | Accrued (Deferred) Revenue at July 1, 2012 | Prior Year Expenditures | Adjustments | Current Year Receipts | Expenditures | Accrued (Deferred) Revenue at June 30, 2013 |
|---|---------------------------|-----------------------------|---|-------------------------------|-------------|-----------------------------|--------------|--|
| U.S. Department of Education - Passed Through Michigan | | | | | | | | |
| Department of Education: | | | | | | | | |
| Title I, Part A Cluster - Improving Basic Programs: | | | | | | | | |
| 121530-1112 Regular | 84.010 | \$ 185,850 | \$ 5,811 | \$ 141,175 | \$ - | \$ 16,235 | \$ 10,424 | \$ - |
| 121530-1213 Regular | 84.010 | 167,037 | - | - | - | 121,844 | 122,439 | 595 |
| Total Title I, Part A Cluster | | 352,887 | 5,811 | 141,175 | - | 138,079 | 132,863 | 595 |
| Title II, Part A - Teacher/Principal Training & Recruiting: | | | | | | | | |
| 120520-1112 Regular | 84.367 | 117,175 | 87 | 100,166 | - | 8,473 | 8,386 | - |
| 120520-1112 Regular | 84.367 | 123,329 | - | - | - | 78,140 | 85,384 | 7,244 |
| Total Title II, Part A | | 240,504 | 87 | 100,166 | - | 86,613 | 93,770 | 7,244 |
| Title III - Limited English Proficiency: | | | | | | | | |
| 120580-1112 Regular | 84.365 | 123,487 | 23,684 | 94,014 | - | 29,174 | 5,490 | - |
| 120580-1112 Regular | 84.365 | 114,580 | - | - | - | 68,424 | 86,906 | 18,482 |
| Total Title III LEP | | 238,067 | 23,684 | 94,014 | - | 97,598 | 92,396 | 18,482 |
| Adult Education - Workforce Investment Act Core Programs: | | | | | | | | |
| 121130-1112 | 84.002A | 48,350 | 10,000 | 48,350 | - | 10,000 | - | - |
| 131130-1213 | 84.002A | 67,009 | - | - | - | 47,690 | 48,262 | 572 |
| Total Adult Education and Literacy | | 115,359 | 10,000 | 48,350 | - | 57,690 | 48,262 | 572 |
| English Literacy & Civics Education - | | | | | | | | |
| 131120-1213 | 84.002A | 22,000 | - | - | - | 22,000 | 22,000 | - |
| Total U.S. Department of Education - Passed Through Michigan Department of Education | | 968,817 | 39,582 | 383,705 | - | 401,980 | 389,291 | 26,893 |

See Notes to Schedule of Expenditures
of Federal Awards.

Novi Community School District

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

| Federal Grantor/ Pass-through Grantor Program Title/Grantor's Number | Federal CFDA Number | Program Award/ Amount | Accrued (Deferred) Revenue at July 1, 2012 | Prior Year Expenditures | Adjustments | Current Year Receipts | Expenditures | Accrued (Deferred) Revenue at June 30, 2013 |
|---|---------------------------|-----------------------------|---|-------------------------------|-------------|-----------------------------|---------------------|--|
| 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: | | | | | | | | |
| 130450 Flowthrough | 84.027A | \$ 961,512 | \$ - | \$ - | \$ - | \$ 961,512 | \$ 961,512 | \$ - |
| 130460 Preschool | 84.173A | 27,887 | - | - | - | 27,887 | 27,887 | - |
| Total Federal Assistance for the Education of Handicapped Persons - Special Education Cluster | | 989,399 | - | - | - | 989,399 | 989,399 | - |
| MDCH Medicaid Administrative Outreach Cluster - | | | | | | | | |
| 2012/2013 Medicaid | 93.778 | 15,865 | - | - | - | 15,865 | 15,865 | - |
| Total U.S. Department of Education - Passed Through Michigan Department of Education - Passed Through Oakland County Intermediate School District | | 1,005,264 | - | - | - | 1,005,264 | 1,005,264 | - |
| Total U.S. Department of Education | | 1,974,081 | 39,582 | 383,705 | - | 1,407,244 | 1,394,555 | 26,893 |
| U.S. Department of Agriculture - Passed Through Michigan | | | | | | | | |
| Department of Education: | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | |
| National School Breakfast Program 11-12 | 10.553 | 37,098 | 6,905 | 37,098 | - | 6,905 | - | - |
| National School Lunch Program 11-12 | 10.555 | 285,188 | 50,129 | 285,188 | - | 50,129 | - | - |
| National School Breakfast Program 12-13 | 10.553 | 29,564 | - | - | - | 20,780 | 29,564 | 8,784 |
| National School Lunch Program 12-13 | 10.555 | 283,666 | - | - | - | 207,263 | 283,666 | 76,403 |
| Donated Food Commodities - Entitlement | 10.555 | 70,162 | - | - | - | 70,162 | 70,162 | - |
| Total Child Nutrition Cluster | | 705,678 | 57,034 | 322,286 | - | 355,239 | 383,392 | 85,187 |
| Total All Programs | | \$ 2,679,759 | \$ 96,616 | \$ 705,991 | \$ - | \$ 1,762,483 | \$ 1,777,947 | \$ 112,080 |

See Notes to Schedule of Expenditures
of Federal Awards.

Novi Community School District

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

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, 2013. 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 year ended June 30, 2013, 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, 2013

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> |
|---|--------------------|---|
| Adult Education - Workforce Investment Act Core Programs | 84.002A | \$ 3,020 |
| Title III - Limited English Proficiency | 84.365 | <u>7,053</u> |
| | Total | <u>\$ 10,073</u> |

Novi Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

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 programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 84.027, 84.173 | Special Education Cluster |
| 10.553, 10.555 | Child Nutrition 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

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2013

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None