

Novi Community School District

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

Novi Community School District

Contents

Independent Auditor's Report	I
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 with Requirements That Could Have a Direct and Material Effect on the Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	4-5
Schedule of Expenditures of Federal Awards	6-8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10-11

Independent Auditor's Report

To the Board of Education
Novi Community School District

We have audited the 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, 2012, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 23, 2012, which contained unqualified opinions on those financial statements. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We have not performed any procedures with respect to the audited financial statements subsequent to October 23, 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 *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 Novi Community 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. 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 23, 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
Novi Community School District

We have audited the 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, 2012, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 23, 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

The management of Novi Community School District is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered Novi Community 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 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School 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, 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.

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
Novi Community School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Novi Community 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*.

We also noted certain matters that we have reported to management of Novi Community School District in a separate letter dated October 23, 2012.

This report is intended solely for the information and use of management, the Board of Education, others within the School District, 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 & Moran, PLLC

October 23, 2012

Report on Compliance with Requirements That Could Have a
Direct and Material Effect on the Major Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133

Independent Auditor's Report

To the Board of Education
Novi Community School District

Compliance

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

In our opinion, Novi Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

To the Board of Education
Novi Community School District

Internal Control Over Compliance

The management of Novi Community 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 Novi Community 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 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.

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 School District, 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 & Moran, PLLC

October 23, 2012

Novi Community School District

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

Federal Grantor/ Pass-through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/2011 -	Prior Year Expenditures	Adjustments	Current Year Receipts	Expenditures 7/1/2011 - 6/30/2012	Accrued (Deferred) Revenue at 6/30/2012
U.S. Department of Education - Passed Through Michigan Department of Education:								
State Education Jobs Fund - 112545-1112	84.410	\$ 52,493	\$ -	\$ -	\$ -	\$ 52,493	\$ 52,493	\$ -
Title I, Part A - Improving Basic Programs:								
111530-1011 Regular	84.010	165,508	16,619	106,578	-	28,054	11,435	-
121530-1112 Regular	84.010	<u>185,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,364</u>	<u>141,175</u>	<u>5,811</u>
Total Title I, Part A		351,358	16,619	106,578	-	163,418	152,610	5,811
Title II, Part A - Teacher/Principal Training & Recruiting:								
110520-1011 Regular	84.367	166,658	40,143	148,481	-	58,320	18,177	-
120520-1112 Regular	84.367	<u>117,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,079</u>	<u>100,166</u>	<u>87</u>
Total Title II, Part A		283,833	40,143	148,481	-	158,399	118,343	87
Title III - Limited English Proficiency:								
110580-1011 Regular	84.365	127,447	11,135	71,853	-	53,732	42,597	-
120580-1112 Regular	84.365	<u>123,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,330</u>	<u>94,014</u>	<u>23,684</u>
Total Title III		250,934	11,135	71,853	-	124,062	136,611	23,684
Adult Education - Workforce Investment Act Core Programs - 121130-1112	84.002A	48,350	-	-	-	38,350	48,350	10,000
English Literacy & Civics Education - 121120-1112	84.002A	<u>22,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Total U.S. Department of Education - Passed Through Michigan Department of Education		1,008,968	67,897	326,912	-	558,722	530,407	39,582

See Notes to Schedule of Expenditures
of Federal Awards.

Novi Community School District

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

Federal Grantor/ Pass-through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/2011 -	Prior Year Expenditures	Adjustments	Current Year Receipts	Expenditures 7/1/2011 - 6/30/2012	Accrued (Deferred) Revenue at 6/30/2012
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:								
Special Education:								
120450 Flowthrough	84.027A	\$ 929,764	\$ -	\$ -	\$ -	\$ 929,764	\$ 929,764	\$ -
120460 Preschool	84.173A	23,689	-	-	-	23,689	23,689	-
Total Special Education		953,453	-	-	-	953,453	953,453	-
ARRA - Special Education:								
100455 Flowthrough	84.391A	1,174,525	-	227,026	-	106,828	106,828	-
100465 Preschool	84.173A	34,513	3,528	20,052	-	3,528	-	-
Total ARRA Special Education		1,209,038	3,528	247,078	-	110,356	106,828	-
Total Federal Assistance for the Education of Handicapped Persons - Special Education Cluster		2,162,491	3,528	247,078	-	1,063,809	1,060,281	-
MDCH Medicaid Administrative Outreach Cluster - 2011/2012 Medicaid	93.778	11,705	-	-	-	11,705	11,705	-
Total U.S. Department of Education - Passed Through Michigan Department of Education - Passed Through Oakland County Intermediate School District		2,174,196	3,528	247,078	-	1,075,514	1,071,986	-
Total U.S. Department of Education		3,183,164	71,425	573,990	-	1,634,236	1,602,393	39,582

See Notes to Schedule of Expenditures
of Federal Awards.

Novi Community School District

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

Federal Grantor/ Pass-through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/2011 -	Prior Year Expenditures	Adjustments	Current Year Receipts	Expenditures 7/1/2011 - 6/30/2012	Accrued (Deferred) Revenue at 6/30/2012
U.S. Department of Agriculture - Passed Through Michigan Department of Education:								
Child Nutrition Cluster:								
National School Breakfast Program 10-11	10.553	\$ 31,350	\$ 2,628	\$ 31,350	\$ -	\$ 2,628	\$ -	\$ -
National School Lunch Program 10-11	10.555	275,750	18,327	275,750	-	18,327	-	-
National School Breakfast Program 11-12	10.553	37,098	-	-	-	30,193	37,098	6,905
National School Lunch Program 11-12	10.555	285,188	-	-	-	235,059	285,188	50,129
Donated Food Commodities - Bonus	10.555	12,005	-	-	-	12,005	12,005	-
Donated Food Commodities - Entitlement	10.555	83,732	-	-	-	83,732	83,732	-
Total Child Nutrition Cluster		725,123	20,955	307,100	-	381,944	418,023	57,034
Total All Programs		\$ 3,908,287	\$ 92,380	\$ 881,090	\$ -	\$ 2,016,180	\$ 2,020,416	\$ 96,616

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, 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 Novi Community 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 Novi Community School District, it is not intended to, and does not, present the financial position, changes in net assets, 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 and bonus commodities during the year ended June 30, 2012 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

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 program:

CFDA Numbers	Name of Federal Program or Cluster
84.173, 84.391, 84.027	IDEA - 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

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