

**NOVI COMMUNITY SCHOOL  
DISTRICT, MICHIGAN**

**SINGLE AUDIT  
REPORTING PACKAGE**

**JUNE 30, 2010**

To the Board of Education of the  
**Novi Community School District, Michigan**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Novi Community School District, Michigan as of and for the year ended June 30, 2010, which collectively comprise the Novi Community School District, Michigan's basic financial statements, and have issued our report thereon dated October 28, 2010. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Novi Community School District, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Novi Community School District, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Novi Community School District, Michigan'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Novi Community School District, Michigan's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Novi Community School District, Michigan'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 the Board of Education, management, and 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.

A handwritten signature in black ink that reads "Doeren Mayhew". The signature is written in a cursive, flowing style.

DOEREN MAYHEW

October 28, 2010  
Troy, Michigan

To the Board of Education of the  
**Novi Community School District, Michigan**

### Compliance

We have audited the compliance of the Novi Community School District, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Novi Community School District, Michigan's major federal programs 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 the Novi Community School District, Michigan's management. Our responsibility is to express an opinion on the Novi Community School District, Michigan'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 identified in the accompanying Schedule of Findings and Questioned Costs occurred. An audit includes examining, on a test basis, evidence about the Novi Community School District, Michigan'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 of the Novi Community School District, Michigan's compliance with those requirements.

In our opinion, the Novi Community School District, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2010.

### **Internal Control Over Compliance**

The management of the Novi Community School District, Michigan 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 the Novi Community School District, Michigan'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 Novi Community School District, Michigan'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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 the 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Novi Community School District, Michigan's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as 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 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 basic financial statements and, in our opinion, are fairly stated in all material respects to 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.

**DOEREN MAYHEW**

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

A handwritten signature in black ink that reads "Doeren Mayhew". The signature is written in a cursive style with a large, prominent initial "D".

DOEREN MAYHEW

October 28, 2010  
Troy, Michigan

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010

**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	<u>  X  </u> No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	<u>  X  </u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No	

**Federal Awards**

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	<u>  X  </u> No	
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	<u>  X  </u> No	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173, 84.391 and 84.392	Special Education Cluster
84.394	State - Fiscal Stabilization Fund Cluster
10.553 and 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?	<u>  X  </u> Yes      _____ No

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010**

**SECTION II**

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None noted.



**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010**

**SECTION III**

**FINDINGS - FEDERAL AWARDS AUDIT**

None noted.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2010**

**SECTION IV**

**FINDINGS - FEDERAL AWARDS AUDIT**

None noted.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/09	Prior Year Expenditures	Adjustments	Current Year Receipts	Revenue Recognized	Expenditures 7/1/09 - 6/30/10	Accrued (Deferred) Revenue at 6/30/10
<b><u>U.S. Department of Education - Passed Through Michigan Department of Education</u></b>									
<b><u>ARRA - State Fiscal Stabilization Fund Cluster</u></b>									
092525-0809	84.394	\$ 2,315,917	\$ 2,315,917	\$ 2,315,917	\$ -	\$ 2,315,917	\$ -	\$ -	\$ -
102525-0910	84.394	<u>1,746,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,746,391</u>	<u>1,746,391</u>	<u>1,746,391</u>	<u>-</u>
Total ARRA - State Fiscal Stabilization Fund Cluster		4,062,308	2,315,917	2,315,917	-	4,062,308	1,746,391	1,746,391	-
<b><u>Title I, Part A - Improving Basic Programs</u></b>									
091530-0809 Regular	84.010	115,139	8,843	58,233	-	16,319	7,476	7,476	-
101530-0910 Regular	84.010	<u>136,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,274</u>	<u>71,842</u>	<u>71,842</u>	<u>6,568</u>
Total Title I, Part A - Improving Basic Programs		252,074	8,843	58,233	-	81,593	79,318	79,318	6,568
<b><u>Title II, Part A - Teacher/Principal Training and Recruiting</u></b>									
090520-0809 Regular	84.367	141,376	14,323	92,337	-	29,333	15,010	15,010	-
100520-0910 Regular	84.367	<u>166,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,438</u>	<u>122,252</u>	<u>122,252</u>	<u>30,814</u>
Total Title II, Part A - Teacher/Principal Training and Recruiting		308,048	14,323	92,337	-	120,771	137,262	137,262	30,814

See Notes to the Schedule of Expenditures of Federal Awards

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Program Award/ Amount</u>	<u>Accrued (Deferred) Revenue at 7/1/09</u>	<u>Prior Year Expenditures</u>	<u>Adjustments</u>	<u>Current Year Receipts</u>	<u>Revenue Recognized</u>	<u>Expenditures 7/1/09 - 6/30/10</u>	<u>Accrued (Deferred) Revenue at 6/30/10</u>
<b><u>U.S. Department of Education - Passed Through Michigan Department of Education - Continued</u></b>									
<b><u>Title III - Limited English Proficiency</u></b>									
090580-0809 Regular	84.365A	\$ 56,508	\$ 25,377	\$ 27,864	\$ -	\$ 38,185	\$ 12,808	\$ 12,808	\$ -
100580-0910 Regular	84.365A	95,900	-	-	-	44,704	51,057	51,057	6,353
Total Title III - Limited English Proficiency		152,408	25,377	27,864	-	82,889	63,865	63,865	6,353
<b><u>Title III - Immigrant</u></b>									
090570-0809 Regular	84.365A	132,994	4,437	70,121	(2,699)	23,146	18,709	18,709	(2,699)
Total Title III - Immigrant		132,994	4,437	70,121	(2,699)	23,146	18,709	18,709	(2,699)
<b><u>ARRA Title IId - Enhancing Education Through Literacy</u></b>									
104295-0910 Regular	84.386	1,566	-	-	-	1,566	1,566	1,566	-
Total ARRA Title IId - Enhancing Education Through Literacy		1,566	-	-	-	1,566	1,566	1,566	-
<b><u>English Literacy and Civics Education</u></b>									
101120-0910	84.002A	22,000	-	-	-	21,694	21,815	21,815	121
Total English Literacy and Civics Education		22,000	-	-	-	21,694	21,815	21,815	121

See Notes to the Schedule of Expenditures of Federal Awards

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Program Award/ Amount</u>	<u>Accrued (Deferred) Revenue at 7/1/09</u>	<u>Prior Year Expenditures</u>	<u>Adjustments</u>	<u>Current Year Receipts</u>	<u>Revenue Recognized</u>	<u>Expenditures 7/1/09 - 6/30/10</u>	<u>Accrued (Deferred) Revenue at 6/30/10</u>
<b><u>U.S. Department of Education - Passed Through Michigan Department of Education - Continued</u></b>									
<b><u>Title II - Adult Education and Literacy</u></b>									
091130-0910	84.002A	\$ 48,699	\$ 3,742	\$ 43,338	\$ -	\$ 3,742	\$ -	\$ -	\$ -
101130-0910	84.002A	45,000	-	-	-	45,000	45,000	45,000	-
Total Title II - Adult Education and Literacy		93,699	3,742	43,338	-	48,742	45,000	45,000	-
Total U.S. Department of Education - Passed Through Michigan Department of Education		5,025,097	2,372,639	2,607,810	(2,699)	4,442,709	2,113,926	2,113,926	41,157
<b><u>U.S. Department of Education - Passed Through Michigan Department of Education - Passed Through Oakland County Intermediate School District</u></b>									
<b><u>Federal Assistance for the Education of Handicapped Persons - Special Education Cluster</u></b>									
<b><u>ARRA - Special Education</u></b>									
100455 Flowthrough	84.391	1,174,525	-	-	-	615,916	837,104	837,104	221,188
100465 Preschool	84.392	34,513	-	-	-	13,263	14,461	14,461	1,198
Total ARRA Special Education		1,209,038	-	-	-	629,179	851,565	851,565	222,386

See Notes to the Schedule of Expenditures of Federal Awards

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/09	Prior Year Expenditures	Adjustments	Current Year Receipts	Revenue Recognized	Expenditures 7/1/09 - 6/30/10	Accrued (Deferred) Revenue at 6/30/10
<u>U.S. Department of Education - Passed Through</u>									
<u>Michigan Department of Education - Passed</u>									
<u>Through Oakland County Intermediate School</u>									
<u>District - Continued</u>									
<u>Federal Assistance for the Education of Handicapped</u>									
<u>Persons - Special Education Cluster - Continued</u>									
<u>Special Education</u>									
090450 Flowthrough	84.027A	\$ 887,203	\$ 40,820	\$ 790,184	\$ -	\$ 137,839	\$ 97,019	\$ 97,019	\$ -
090460 Preschool	84.173A	33,883	2,336	2,336	-	2,336	-	-	-
100450 Flowthrough	84.027A	958,431	-	-	-	958,431	958,431	958,431	-
100460 Preschool	84.173A	27,753	-	-	-	27,753	27,753	27,753	-
Total Special Education		<u>1,907,270</u>	<u>43,156</u>	<u>792,520</u>	<u>-</u>	<u>1,126,359</u>	<u>1,083,203</u>	<u>1,083,203</u>	<u>-</u>
Total Federal Assistance for the Education of Handicapped Persons - Special Education Cluster		3,116,308	43,156	792,520	-	1,755,538	1,934,768	1,934,768	222,386

See Notes to the Schedule of Expenditures of Federal Awards

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Program Award/ Amount</u>	<u>Accrued (Deferred) Revenue at 7/1/09</u>	<u>Prior Year Expenditures</u>	<u>Adjustments</u>	<u>Current Year Receipts</u>	<u>Revenue Recognized</u>	<u>Expenditures 7/1/09 - 6/30/10</u>	<u>Accrued (Deferred) Revenue at 6/30/10</u>
<b><u>U.S. Department of Agriculture - Passed Through Michigan Department of Education</u></b>									
National School Breakfast Program 08-09	10.553	\$ 9,516	\$ 2,042	\$ 9,516	\$ -	\$ 2,042	\$ -	\$ -	\$ -
National School Lunch Program 08-09	10.555	200,392	37,891	200,392	-	37,891	-	-	-
National School Breakfast Program 09-10	10.553	11,712	-	-	-	11,712	13,096	13,096	1,384
National School Lunch Program 09-10	10.555	242,232	-	-	-	242,232	261,694	261,694	19,462
Donated Food Commodities - Bonus	10.553	2,412	-	-	-	2,412	2,412	2,412	-
Donated Food Commodities - Entitlement	10.553	59,351	-	-	-	59,351	59,351	59,351	-
Total U.S. Department of Agriculture - Passed Through Michigan Department of Education		<u>525,615</u>	<u>39,933</u>	<u>209,908</u>	<u>-</u>	<u>355,640</u>	<u>336,553</u>	<u>336,553</u>	<u>20,846</u>
Total all programs		<u>\$ 8,667,020</u>	<u>\$ 2,455,728</u>	<u>\$ 3,610,238</u>	<u>\$ (2,699)</u>	<u>\$ 6,553,887</u>	<u>\$ 4,385,247</u>	<u>\$ 4,385,247</u>	<u>\$ 284,389</u>

See Notes to the Schedule of Expenditures of Federal Awards

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance and federal cost-reimbursement contracts of the Novi Community School District, Michigan. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual cost reports. The Novi Community School District, Michigan receives federal awards indirectly through pass-through entities.

Except for the current year receipts column, which is presented on the cash basis of accounting, federal program expenditures included in the accompanying schedule are presented on the modified accrual basis of accounting. The modified accrual basis of accounting is also used for the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Inventory values are based on the USDA value for donated food commodities. Reported commodity receipts values were computed using the Recipient Entitlement Balance Report and other district records. Spoilage or pilferage, if any, is included in expenditures.

**Note 2 - Major Programs**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**Note 3 - Grant Section Auditor's Reports**

Management has utilized the Grant Section Auditor's Reports in preparing the Schedule of Expenditures of Federal Awards. The amounts on the Grant Section Auditor's Reports are included on the Schedule of Expenditures of Federal Awards.

**Note 4 - Adjustments**

During the year ended June 30, 2010, the Novi Community School District, Michigan recorded an adjustment to the Title III - Immigrant program for disallowed costs of \$2,699.