

**NOVI COMMUNITY SCHOOL
DISTRICT, MICHIGAN**

**SINGLE AUDIT
REPORTING PACKAGE**

JUNE 30, 2007



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

We have audited the financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the Novi Community School District, Michigan as of and for the year ended June 30, 2007, and have issued our report thereon dated November 14, 2007, which was unqualified. 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.

Compliance

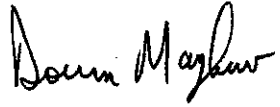
As part of obtaining reasonable assurance about whether the financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the Novi Community School District, Michigan are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Novi Community School District, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

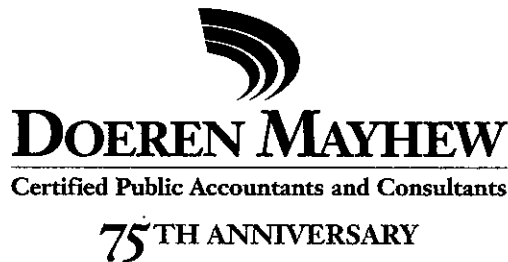
DOEREN MAYHEW

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 specified parties.

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

DOEREN MAYHEW

November 14, 2007
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, 2007. 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 Novi Community School District, Michigan's management. Our responsibility is to express an opinion on 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 occurred. An audit includes examining, on a test basis, evidence about 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 Novi Community School District, Michigan's compliance with those requirements.

In our opinion, 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 for the year ended June 30, 2007.

DOEREN MAYHEW

Internal Control Over Compliance

The management of 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 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Novi Community School District, Michigan. 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 also not a required part of the basic financial statements of the Novi Community School District, Michigan. The combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards have 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 basic financial statements taken as a whole.

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.



DOEREN MAYHEW

November 14, 2007
Troy, Michigan

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007**

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 X No

Reportable condition(s) identified that are not
considered to be material weakness(es)?

_____ Yes X None reported

Noncompliance material to financial statements
noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Reportable condition(s) identified that are not
considered to be material weakness(es)?

_____ Yes X 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 X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027 and 84.173

Special Education Cluster

Dollar threshold used to distinguish between Type
A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ Yes X No

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007**

SECTION II

FINDINGS - FINANCIAL STATEMENTS AUDIT

None noted.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007**

SECTION III

FINDINGS - FEDERAL AWARDS AUDIT

None noted.

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

**SUMMARY OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

SECTION IV

FINDING - FEDERAL AWARDS AUDIT

Department of Education

Finding 02-1

Condition

During our testing, we noted that one participant in the special education program did not have a current IEP in their file pursuant to the Michigan Administrative Rules for Special Education, Section R 340.1721d, Rule 21e (2) (b).

Recommendation and Response

We recommended, and the Novi Community School District, Michigan concurred, that current IEP's should be filled out for each participant in the special education program. At the beginning of each school year, the files of all students in the program should be reviewed to verify that the proper documentation was included.

Current Status

No similar findings were noted during the June 30, 2007 audit.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/06	Prior Year Expenditures	Adjustments	Current Year Receipts	Revenue Recognized	Expenditures 7/1/06 - 6/30/07	Accrued (Deferred) Revenue at 6/30/07
<u>U.S. Department of Education - Passed Through Michigan Department of Education</u>									
<u>Title V, Part A - Innovative Education Program Strategies</u>									
070250-0607 Regular	84.298	\$ 1,284	\$ -	\$ -	\$ -	\$ 1,284	\$ 1,284	\$ 1,284	\$ -
Total Title V, Part A - Innovative Education Program Strategies									
		1,284	-	-	-	1,284	1,284	1,284	-
<u>Title II, Part A - Teacher/Principal Training and Recruiting</u>									
060520-0506 Regular	84.367	125,747	54,552	81,512	-	67,211	12,659	12,659	-
060520-0506 Carryover	84.367	31,575	-	-	-	31,575	31,575	31,575	-
070520-0607 Regular	84.367	125,430	-	-	-	47,017	87,374	87,374	40,357
Total Title II, Part A - Teacher/Principal Training and Recruiting									
		282,752	54,552	81,512	-	145,803	131,608	131,608	40,357
<u>Title III - Limited English Proficiency</u>									
050580-0405 Carryover	84.365A	21,758	2,210	21,757	-	2,210	-	-	-
060580-0506 Regular	84.365A	109,018	23,990	41,569	-	28,129	4,139	4,139	-
060580-0506 Carryover	84.365A	60,309	-	-	-	-	60,308	60,308	60,308
070580-0607 Regular	84.365A	99,115	-	-	-	-	16,028	16,028	16,028
Total Title III - Limited English Proficiency									
		290,200	26,200	63,326	-	30,339	80,475	80,475	76,336

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, 2007**

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/06	Prior Year Expenditures	Adjustments	Current Year Receipts	Revenue Recognized	Expenditures 7/1/06 - 6/30/07	Accrued (Deferred) Revenue at 6/30/07
U.S. Department of Education - Passed Through Michigan Department of Education - Continued									
Federal Drug-Free Schools and Communities									
062860-0506 Regular	84.186A	\$ 15,593	\$ 5,206	\$ 14,223	-	\$ 5,206	\$ -	\$ -	\$ -
072860-0607 Regular	84.186A	12,545	-	-	-	12,545	12,545	12,545	-
Total Federal Drug-Free Schools and Communities		28,138	5,206	14,223	-	17,751	12,545	12,545	-
Title II - Adult Education and Literacy									
061130-610605	84.002A	48,000	11,484	47,247	-	11,484	-	-	-
071130-710606	84.002A	47,300	-	-	-	27,348	39,250	39,250	11,902
Total Title II - Adult Education and Literacy		95,300	11,484	47,247	-	38,832	39,250	39,250	11,902
English Literacy and Civics Education									
061120-6500625	84.002A	19,300	6,812	19,300	-	6,812	-	-	-
061120-6500624	84.002A	10,000	-	-	-	6,504	9,221	9,221	2,717
071120-7500625	84.002A	17,200	-	-	-	16,070	16,382	16,382	312
Total English Literacy and Civics Education		46,500	6,812	19,300	-	29,386	25,603	25,603	3,029

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, 2007**

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/06	Prior Year Expenditures	Adjustments	Current Year Receipts	Revenue Recognized	Expenditures 7/1/06 - 6/30/07	Accrued (Deferred) Revenue at 6/30/07
<u>U.S. Department of Education - Passed Through Michigan Department of Education - Continued</u>									
<u>Emergency Impact Aid - Hurricane Katrina Relief</u>									
064120-1	84.938	\$ 4,713	\$ 4,713	\$ 4,713	\$ -	\$ 4,713	\$ -	\$ -	\$ -
064120-NONP	84.938	8,455	8,455	8,455	-	-	-	-	-
064120-1	84.938	1,743	-	-	-	1,775	1,775	1,775	-
064120-NONP	84.938	1,620	-	-	-	1,588	1,588	1,588	-
Total Emergency Impact Aid - Hurricane Katrina Relief		16,531	13,168	13,168	-	16,531	3,363	3,363	-
<u>Service Provider Self Review</u>									
070440-0607	84.027A	5,000	-	-	-	-	4,837	4,837	4,837
Total Service Provider Self Review		5,000	-	-	-	-	4,837	4,837	4,837
Total U.S. Department of Education - Passed Through Michigan Department of Education		765,705	117,422	238,776	-	279,926	298,965	298,965	136,461

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, 2007**

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/06	Prior Year Expenditures	Adjustments	Current Year Receipts	Revenue Recognized	Expenditures 7/1/06 - 6/30/07	Accrued (Deferred) Revenue at 6/30/07
<u>U.S. Department of Education - Passed Through Michigan Department of Education - Passed Through Local Education Agency</u>	84.184E	\$ 26,439	\$ -	\$ -	\$ -	\$ 17,871	\$ 17,871	\$ 17,871	\$ -
<u>Emergency Response and Crisis Management Tri-District Planning and Crisis Training (TPACT)</u>		26,439	-	-	-	17,871	17,871	17,871	-
Total U.S. Department of Education - Passed Through Michigan Department of Education - Passed Through Local Education Agency						17,871	17,871	17,871	-
<u>U.S. Department of Education - Passed Through Michigan Department of Education - Passed Through Oakland County Intermediate School District</u>									
Federal Assistance for the Education of Handicapped Persons - Special Education									
060450 Flowthrough	84.027	902,396	261,198	902,396	-	261,198	-	-	-
060460 Preschool	84.173	29,907	105	29,907	-	105	-	-	-
070450 Flowthrough	84.027	913,584	-	-	-	543,467	913,584	913,584	370,117
070460 Preschool	84.173	30,791	-	-	-	29,440	30,791	30,791	1,351
Total Federal Assistance for the Education of Handicapped Persons - Special Education		1,876,678	261,303	932,303	-	834,210	944,375	944,375	371,468

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, 2007**

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/06	Prior Year Expenditures	Adjustments	Current Year Receipts	Revenue Recognized	Expenditures 7/1/06 - 6/30/07	Accrued (Deferred) Revenue at 6/30/07
<u>U.S. Department of Education - Passed Through Michigan Department of Education - Passed Through Oakland County Intermediate School District - Continued</u>									
<u>Vocational Education - Basic Grants to States (Perkins III)</u>									
063520-601218 Regular	84.048	\$ 29,297	\$ 11,597	\$ 25,691	\$ -	\$ 11,597	\$ -	\$ -	\$ -
073520-701218 Regular	84.048	30,872	-	-	-	23,261	27,634	27,634	4,373
Total Vocational Education - Basic Grants to States (Perkins III)		60,169	11,597	25,691	-	34,858	27,634	27,634	4,373
Total U.S. Department of Education - Passed Through Michigan Department of Education - Passed Through Oakland County Intermediate School District		1,936,847	272,900	957,994	-	869,068	972,009	972,009	375,841
Total U.S. Department of Education		2,728,991	390,322	1,196,770	-	1,166,865	1,288,845	1,288,845	512,302

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, 2007**

Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Program Award/ Amount	Accrued (Deferred) Revenue at 7/1/06	Prior Year Expenditures	Adjustments	Current Year Receipts	Revenue Recognized	Expenditures 7/1/06 - 6/30/07	Accrued (Deferred) Revenue at 6/30/07
<u>U.S. Department of Health and Human Services - Passed Through Michigan Department of Community Health</u>									
<u>Medicare Catastrophic Coverage Act</u>									
0506 Transportation	93,778	\$ 2,165	\$ 1,974	\$ 2,165	-	\$ 1,974	\$ -	\$ -	\$ -
0607 Transportation	93,778	2,080	-	-	-	953	2,081	2,081	1,128
Total U.S. Department of Health and Human Services - Passed Through Michigan Department of Community Health		4,245	1,974	2,165	-	2,927	2,081	2,081	1,128
<u>U.S. Department of Agriculture - Passed Through Michigan Department of Education</u>									
National School Breakfast Program 05-06	10,553	2,342	210	2,342	-	210	-	-	-
National School Lunch Program 05-06	10,555	129,974	24,997	129,974	-	24,997	-	-	-
National School Breakfast Program 06-07	10,553	3,313	-	-	-	2,638	3,313	3,313	675
National School Lunch Program 06-07	10,555	138,001	-	-	-	112,105	138,001	138,001	25,896
Donated Food Commodities - Entitlement	10,550	70,514	-	-	-	70,514	70,514	70,514	-
Total U.S. Department of Agriculture - Passed Through Michigan Department of Education		344,144	25,207	132,316	-	210,464	211,828	211,828	26,571
Total all programs		\$ 3,077,380	\$ 417,503	\$ 1,331,251	\$ -	\$ 1,380,256	\$ 1,502,754	\$ 1,502,754	\$ 540,001

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, 2007**

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. 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 - Form R1720

Management has utilized the Grant Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. The amounts on the R7120 are included on the Schedule of Expenditures of Federal Awards.