

**Academy of Flint**

**Flint, Michigan**

**Single Audit Report**

**June 30, 2012**

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**Independent Auditors' 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***

To the Board of Education  
Academy of Flint

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy of Flint as of and for the year ended June 30, 2012, which collectively comprise Academy of Flint's basic financial statements and have issued our report thereon dated November 8, 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Academy of Flint'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 Academy of Flint's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Academy of Flint'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 entity'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Academy of Flint '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 management, members of the board of education, others within the Academy, 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.

*Yeo & Yeo, P.C.*

Flint, Michigan  
November 8, 2012

**Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Education  
Academy of Flint

**Compliance**

We have audited Academy of Flint's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Academy of Flint's major federal programs for the year ended June 30, 2012. Academy of Flint's major federal programs are identified in the summary of auditors' 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 Academy of Flint's management. Our responsibility is to express an opinion on Academy of Flint'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 Academy of Flint'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 Academy of Flint's compliance with those requirements.

In our opinion, Academy of Flint complied, in all material respects, with the 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, 2012.

**Internal Control Over Compliance**

Management of Academy of Flint is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Academy of Flint's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 Academy of Flint'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 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.

### **Schedule of Expenditure of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy of Flint as of and for the year ended June 30, 2012, and have issued our report thereon dated November 8, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes 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 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 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

This report is intended solely for the information and use of management, members of the board of education, others within the 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.

*Yeo & Yeo, P.C.*

Flint, Michigan  
November 8, 2012

**Academy of Flint**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award Grant/ Entitlement Program Amount	Inventory/ Accrued (Deferred) Revenue at July 1, 2011	Prior Year Expenditures	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Adjustments	Inventory/ Accrued (Deferred) Revenue at June 30, 2012
U.S. DEPARTMENT OF AGRICULTURE								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Cash Assistance								
School Breakfast Program	10.553							
111970		\$ 85,636	\$ -	\$ 73,093	\$ 12,543	\$ 12,543	\$ -	\$ -
121970		90,592	-	-	90,592	90,592	-	-
National School Lunch Program	10.555							
111960		171,812	-	149,337	22,475	22,475	-	-
121960		168,307	-	-	168,307	168,307	-	-
121980		5,468	-	-	5,468	5,468	-	-
Total Cash Assistance		<u>521,815</u>	<u>-</u>	<u>222,430</u>	<u>299,385</u>	<u>299,385</u>	<u>-</u>	<u>-</u>
Non-Cash Assistance (Commodities):	10.555							
National School Lunch Program-Entitlement		<u>16,946</u>	<u>-</u>	<u>-</u>	<u>16,946</u>	<u>16,946</u>	<u>-</u>	<u>-</u>
Total Non-Cash Assistance		<u>16,946</u>	<u>-</u>	<u>-</u>	<u>16,946</u>	<u>16,946</u>	<u>-</u>	<u>-</u>
Total Child Nutrition Cluster		<u>538,761</u>	<u>-</u>	<u>222,430</u>	<u>316,331</u>	<u>316,331</u>	<u>-</u>	<u>-</u>
Passed through Michigan Department of Education								
CCFP Meals Reimbursement	10.558							
121920		18,991	-	-	18,991	15,556	(1) 3,435	-
122010		1,526	-	-	1,526	1,250	(1) 276	-
Total CCFP Meals Reimbursement		<u>20,517</u>	<u>-</u>	<u>-</u>	<u>20,517</u>	<u>16,806</u>	<u>3,711</u>	<u>-</u>
Passed through Michigan Department of Education								
Fresh Fruit and Vegetable Program	10.582							
120950-08738		<u>20,322</u>	<u>-</u>	<u>-</u>	<u>15,313</u>	<u>20,322</u>	<u>-</u>	<u>5,009</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>579,600</u>	<u>-</u>	<u>222,430</u>	<u>352,161</u>	<u>353,459</u>	<u>3,711</u>	<u>5,009</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Academy of Flint**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award Grant/ Entitlement Program Amount	Inventory/ Accrued (Deferred) Revenue at July 1, 2011	Prior Year Expenditures	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Adjustments	Inventory/ Accrued (Deferred) Revenue at June 30, 2012
U.S. DEPARTMENT OF EDUCATION								
Passed through Genesee Intermediate School District								
Special Education Cluster								
IDEA	84.027							
100450-0910		49,997	9,764	49,997	9,764	-	-	-
110450-1011		70,290	67,509	67,509	69,959	2,781	-	331
120450-1112		72,644	-	-	51,719	69,738	-	18,019
IDEA ARRA	84.391A							
100455-0910		56,273	55,568	55,568	56,268	700	-	-
Total Special Ed Cluster		<u>249,204</u>	<u>132,841</u>	<u>173,074</u>	<u>187,710</u>	<u>73,219</u>	<u>-</u>	<u>18,350</u>
Passed through Michigan Department of Education								
Title I	84.010							
111530-1011		537,727	67,343	370,544	118,541	51,198	-	-
121530-1112		472,453	-	-	277,423	336,622	-	59,199
		<u>1,010,180</u>	<u>67,343</u>	<u>370,544</u>	<u>395,964</u>	<u>387,820</u>	<u>-</u>	<u>59,199</u>
Direct Programs								
Rural Education Achievement Program	84.358A							
S358A113459		9,883	-	-	9,429	9,429	-	-
Passed through Michigan Department of Education								
Title IIA	84.367							
110520-1011		53,993	25,983	46,230	25,983	-	-	-
120520-1112		47,759	-	-	25,518	31,830	-	6,312
		<u>101,752</u>	<u>25,983</u>	<u>46,230</u>	<u>51,501</u>	<u>31,830</u>	<u>-</u>	<u>6,312</u>
Passed through Michigan Department of Education								
ARRA - Title II, Part D carryover	84.386							
114295-1011		12,783	-	1,400	7,835	7,835	-	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards



**Academy of Flint**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award Grant/ Entitlement Program Amount	Inventory/ Accrued (Deferred) Revenue at July 1, 2011	Prior Year Expenditures	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Adjustments	Inventory/ Accrued (Deferred) Revenue at June 30, 2012
Passed through Michigan Department of Education								
ARRA - State Fiscal Stabilization Funds	84.394							
102525-0910		152,122	-	118,461	33,661	33,661	-	-
112525-1011		64,719	-	-	64,719	64,719	-	-
		<u>216,841</u>	<u>-</u>	<u>118,461</u>	<u>98,380</u>	<u>98,380</u>	<u>-</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,600,643</u>	<u>226,167</u>	<u>709,709</u>	<u>750,819</u>	<u>608,513</u>	<u>-</u>	<u>83,861</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed through Genesee Intermediate School District Medicaid Outreach	93.778	466	-	373	93	93	-	-
TOTAL FEDERAL AWARDS		<u>\$ 2,180,709</u>	<u>\$ 226,167</u>	<u>\$ 932,512</u>	<u>\$ 1,103,073</u>	<u>\$ 962,065</u>	<u>\$ 3,711</u>	<u>\$ 88,870</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Academy of Flint**  
**Schedule of Reconciliation of Revenues**  
**with Expenditures of Federal Awards**  
**June 30, 2012**

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Revenue from federal sources - per basic financial statements - all funds	\$ 947,757
Excess of reimbursements over costs allocable to federal programs	(3,711)
Accounts receivable and deferred revenue recognized in the financial statements for expenditures that occurred in fiscal year 2012, but were not received within 60 days	<u>18,019</u>
Federal expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 962,065</u>

**Academy of Flint**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2012**

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1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2012.
3. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.
4. The federal amounts reported on the Grant Auditor Report (GAR) are in agreement with the Schedule of Expenditures of Federal Awards with exception of the following payments included in the GAR as of June 30, 2012, but not received by the Academy until July 2012: \$3,170, 120950-1112 on CFDA 10.582.
5. The federal amounts reported by the Genesee Intermediate School District (GISD) are in agreement with the Schedule of Expenditures of Federal Awards with exception of the following payments included in the GISD schedule as of June 30, 2012 but not received by the Academy until July 2012: \$180, 110450-1011 on CFDA 84.027; and the following payments included in the GISD schedule as of June 30, 2011, but not received by the Academy until July 2011: \$55,568, 100455-0910 on CFDA 84.391A; \$9,055, 100450-0910 on CFDA 84.027; and \$66,372, 110450-1011 on CFDA 84.027 which was received in August 2011.
6. The expenditures on the Schedule of Expenditures of Federal Awards exceeded federal revenues on the financial statement by \$14,308. (See Schedule of Reconciliation of Revenues with Expenditures for Federal Awards.)
7. The adjustment column includes:
  - (1) Excess of reimbursements over costs allocable to federal programs

**Academy of Flint**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

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Section I - Summary of Auditors' Results

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ 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
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Type of auditors' 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

(continued)

**Academy of Flint**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.010	Title I
84.394	ARRA – State Fiscal Stabilization Fund

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

\$ 300,000

Auditee qualified as low-risk auditee:

\_\_\_\_\_ Yes  X  No

Section II – Financial Statement Findings

No matters were noted.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

(continued)

**Academy of Flint**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2012**

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Finding 2011-1      Significant Deficiency, Noncompliance (2011 and 2010)

**Program Information** – National School Breakfast and National School Lunch, U.S. Department of Agriculture, passed through Michigan Department of Education. CFDA # 10.553 and 10.555.

**Criteria** – Adult lunch prices must equal at least the price charged to paying students plus the current value of federal cash and commodity assistance for full price meals and 6% sales tax.

**Condition** – The Academy did not include all factors when pricing lunch prices for adult meals. Adult lunch prices were not high enough to comply with program requirement.

**Cause/Effect** – The Academy did not collect an additional \$.18 for each adult lunch served.

**Recommendation** – We recommend that all factors be considered when pricing adult meals.

**Management's Response** – Management has corrected the price of all adult meals as of the date of the 2011 audit report.

This finding has been corrected for the year ended June 30, 2012.