



Dave Yost • Auditor of State

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
Child Nutrition Cluster:						
<i>Non Cash Assistance (Food Distribution)</i>						
National School Lunch Program	10.555	N/A		\$162,359		\$162,359
<i>Cash Assistance:</i>						
School Breakfast Program	10.553	N/A	\$193,226		\$193,226	
National School Lunch Program	10.555	N/A	712,968		712,968	
Cash Assistance Subtotal			<u>906,194</u>		<u>906,194</u>	
Total Child Nutrition Cluster			<u>906,194</u>	<u>162,359</u>	<u>906,194</u>	<u>162,359</u>
Total U.S. Department of Agriculture			906,194	162,359	906,194	162,359
U.S. Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies Cluster:						
Title I Grants to Local Educational Agencies	84.010	C1-S1-11	35,922		68,716	
		C1-S1-12	585,019		582,574	
		C1-SD-11	9,646		16,766	
		C1-SD-12	236,509		242,352	
Total Title I Grants to Local Educational Agencies			<u>867,096</u>		<u>910,408</u>	
Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011	<u>2,372</u>		<u>35,662</u>	
Total Title I Grants to Local Educational Agencies Cluster			869,468		946,070	
Special Education Grants to States	84.027	6B-SF-12	1,009,798		1,009,798	
Education Technology State Grants	84.318	TJ-S1-12	4,708		4,708	
English Language Acquisition Grants	84.365	T3-S1-11	1,735		1,709	
		T3-S1-12	<u>20,762</u>		<u>20,455</u>	
Total English Language Acquisition Grants			22,497		22,164	
Improving Teacher Quality State Grants	84.367	TR-S1-11	1,545		5,726	
		TR-S1-12	<u>130,111</u>		<u>129,483</u>	
Total Improving Teacher Quality State Grants			131,656		135,209	
State Fiscal Stabilization Fund, Recovery Act	84.394	2011			100,664	
Race to the Top, Recovery Act	84.395	2011	1,500			
		2012	<u>53,300</u>		<u>54,891</u>	
			54,800		54,891	
Education Jobs Fund	84.410	2012	<u>120,844</u>		<u>125,299</u>	
Total U.S. Department of Education			<u>2,213,771</u>		<u>2,398,803</u>	
Total Federal Financial Assistance			<u>\$3,119,965</u>	<u>\$162,359</u>	<u>\$3,304,997</u>	<u>\$162,359</u>

See accompanying notes to the Federal Awards Expenditures Schedule.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Disbursements (the Schedule) reports the Troy City School District's (the School District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Troy City School District
Miami County
500 North Market Street
Troy, Ohio 45373

To the Board of Education

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Troy City School District, Miami County, Ohio (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 December 14, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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 material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Troy City School District
Miami County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated December 14, 2012.

We intend this report solely for the information and use of management, the audit committee, Board of Education, and federal awarding agencies and pass-through and others within the School District. We intend it for no one other than these specified parties.

Dave Yost
Auditor of State

December 14, 2012



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Troy City School District
Miami County
500 North Market Street
Troy, Ohio 45373

To the Board of Education:

Compliance

We have audited the compliance of Troy City School District, Miami County, Ohio (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 directly and materially affect each of the Troy City School District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with these requirements.

In our opinion, the Troy City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2012-001.

Internal Control over Compliance

The School District's management 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 the School District's internal control over compliance with the requirements that could directly and materially affect a major federal program, 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 opining on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected.

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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2012-001. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School District's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

Federal Awards Receipts and Disbursements Schedule

We have also audited and issued our unqualified opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Troy City School District, Miami County, Ohio (the School District) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. Our audit was performed to form an opinion on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and disbursements provides additional information 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 basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Troy City School District
Miami County
Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 2

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Dave Yost
Auditor of State

December 14, 2012

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**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster: School Breakfast Program CFDA #10.553 National School Lunch program CFD A#10.555 State Fiscal Stabilization Fund – Education State Grant, Recovery Act CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Nutrition Cluster Free and Reduced Eligibility

Finding Number	2012-001
CFDA Title and Number	Nutrition Cluster: School Breakfast Program CFDA #10.553 and National School Lunch Program CFDA #10.555
Federal Award Number / Year	2012
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

Noncompliance/Significant Deficiency-Eligibility

7 CFR Section 245.6 (c)(1) states in part that eligibility for free or reduced price meals, as determined through an approved application or by direct certification, must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year.

7 CFR Section 245.6(c)(4) states that the local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in Section 245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in Section 245.2, the children in that household must be approved for free or reduced price benefits, as applicable.

It was noted that 1 application out of 25 tested was incorrectly approved as being at the reduced price. The application should have been denied based on the number of individuals within the household and the income being reported on the Free and Reduced Application. Failure to accurately approve applications in accordance with the Income Eligibility Guidelines could result in loss of federal funds for the District.

The District should implement policies and procedures to ensure that all students are being included at the proper price points for free and reduced lunches. Applications should be reviewed for accuracy when not relying on a computer system for eligibility.

Official's Response:

The District will carefully review applications for accuracy and completeness to determine eligibility for free and reduced lunches.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-001	See official's response on page 10	Immediately	Craig Jones, School District Treasurer