

Chippewa Valley Schools

**Federal Awards
Supplemental Information
June 30, 2011**

Chippewa Valley Schools

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Independent Auditor's Report

To the Board of Education
Chippewa Valley Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa Valley Schools (the "School District") as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 3, 2011. 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 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 Chippewa Valley Schools' basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 3, 2011

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
Chippewa Valley Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa Valley Schools (the "School District") as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 3, 2011. 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

In planning and performing our audit, we considered Chippewa Valley Schools' 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
Chippewa Valley Schools

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chippewa Valley Schools' 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 Chippewa Valley Schools in a separate letter dated October 3, 2011.

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 3, 2011

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

To the Board of Education
Chippewa Valley Schools

Compliance

We have audited the compliance of Chippewa Valley Schools (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 each of its major federal programs for the year ended June 30, 2011. The major federal programs of Chippewa Valley Schools 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 Chippewa Valley Schools' management. Our responsibility is to express an opinion on Chippewa Valley Schools' 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 Chippewa Valley Schools' 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 Chippewa Valley Schools' compliance with those requirements.

In our opinion, Chippewa Valley Schools 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, 2011.

To the Board of Education
Chippewa Valley Schools

Internal Control Over Compliance

The management of Chippewa Valley Schools 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 Chippewa Valley Schools' 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 3, 2011

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2010	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Clusters:							
Child Nutrition Cluster -							
U.S. Department of Agriculture - Passed through the Michigan Department of Education:							
Cash Assistance:							
National School Breakfast Program 2010-2011	10.553	\$ 100,631	\$ -	\$ -	\$ 100,631	\$ 100,631	\$ -
National School Lunch Program (Section 4) 2010-2011	10.555	195,169	-	-	195,169	195,169	-
National School Lunch Program (Section 11) 2010-2011	10.555	<u>991,524</u>	<u>-</u>	<u>-</u>	<u>991,524</u>	<u>991,524</u>	<u>-</u>
Cash Assistance Subtotal		1,287,324	-	-	1,287,324	1,287,324	-
Noncash Assistance (Commodities) -							
National School Lunch Program:							
Entitlement commodities 2010-2011	10.555	157,901	-	-	157,901	157,901	-
Bonus commodities 2010-2011		<u>517</u>	<u>-</u>	<u>-</u>	<u>517</u>	<u>517</u>	<u>-</u>
Noncash Assistance Subtotal		<u>158,418</u>	<u>-</u>	<u>-</u>	<u>158,418</u>	<u>158,418</u>	<u>-</u>
Total Child Nutrition Cluster		1,445,742	-	-	1,445,742	1,445,742	-
SNAP Cluster - U.S. Department of Labor - Passed through Macomb/St. Clair Workforce Development Board - Food Assistance Employment and Training 10/1/09 - 9/30/10							
	10.561	3,589	3,589	929	929	-	-
Workforce Investment Act Cluster - U.S. Department of Labor: Passed through Macomb/St. Clair Workforce Development Board - Michigan Works Administrative Assistant Vocational Training Program 10/1/09 - 9/30/10:							
Statewide Activities WF Support - 23.62%	17.258	5,861	5,861	877	877	-	-
Statewide Activities WF Support - 25.68%	17.259	6,373	6,373	955	955	-	-
Statewide Activities WF Support - 50.70%	17.260	<u>12,581</u>	<u>12,581</u>	<u>1,883</u>	<u>1,883</u>	<u>-</u>	<u>-</u>
Michigan Works Administrative Assistant Vocational Training Subtotal		24,815	24,815	3,715	3,715	-	-

See Notes to Schedule of Expenditures
of Federal Awards.

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2010	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Clusters (Continued):							
Workforce Investment Act Cluster - U.S. Department of Labor (Continued):							
Passed through Macomb County ISD:							
SRC: 31 WIA In School Youth Regular Project number 09-10	17.259	\$ 82,371	\$ 68,520	\$ 9,681	\$ 9,681	\$ -	\$ -
SRC: 31 WIA In School Youth Summer Project number 10-11	17.259	6,823	-	-	5,606	5,606	-
SRC: 31 WIA In School Youth Regular Project number 10-11	17.259	60,996	-	-	49,539	59,039	9,500
SRC: 31 WIA Out of School Youth Regular Project number 10-11	17.259	31,361	-	-	27,318	31,672	4,354
Passed through Macomb County ISD Subtotal		<u>181,551</u>	<u>68,520</u>	<u>9,681</u>	<u>92,144</u>	<u>96,317</u>	<u>13,854</u>
Total Workforce Investment Act Cluster		206,366	93,335	13,396	95,859	96,317	13,854
Special Education Cluster - U.S. Department of Education -							
Passed through the Macomb County ISD:							
Special Education - Grants to States:							
IDEA, Part B							
Project number 100450/0911 CB	84.027A	2,375,583	2,196,209	505,142	684,516	179,374	-
Project number 110450/1012 CB		<u>2,505,506</u>	<u>-</u>	<u>-</u>	<u>1,647,053</u>	<u>2,196,484</u>	<u>549,431</u>
Subtotal IDEA, Part B		4,881,089	2,196,209	505,142	2,331,569	2,375,858	549,431
ARRA - IDEA, Part B, Recovery Act -	84.391A						
ARRA Project number 100455/0911		<u>2,758,122</u>	<u>1,349,832</u>	<u>333,160</u>	<u>1,414,938</u>	<u>1,408,290</u>	<u>326,512</u>
Total Special Education - Grants to States		7,639,211	3,546,041	838,302	3,746,507	3,784,148	875,943
Special Education - Preschool Grants:							
IDEA Preschool:							
Project number 100460/0911	84.173A	77,183	77,183	20,042	20,042	-	-
Project number 110460/1012		<u>84,200</u>	<u>-</u>	<u>-</u>	<u>62,438</u>	<u>84,200</u>	<u>21,762</u>
Subtotal IDEA Preschool		161,383	77,183	20,042	82,480	84,200	21,762
ARRA - IDEA Preschool, Recovery Act -	84.392A						
ARRA Project number 100465/0911		<u>82,797</u>	<u>40,297</u>	<u>11,422</u>	<u>42,206</u>	<u>42,500</u>	<u>11,716</u>
Total Special Education - Preschool Grants		<u>244,180</u>	<u>117,480</u>	<u>31,464</u>	<u>124,686</u>	<u>126,700</u>	<u>33,478</u>
Total Special Education Cluster - Passed through the Macomb County ISD		7,883,391	3,663,521	869,766	3,871,193	3,910,848	909,421

See Notes to Schedule of Expenditures
of Federal Awards.

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2010	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Clusters (Continued):							
Title I, Part A Cluster - U.S. Department of Education - Passed through the Michigan Department of Education - Title I Grants to Local Educational Agencies:							
Title I, Part A:							
Project number 101530/0910	84.010A	\$ 1,011,848	\$ 857,053	\$ 64,192	\$ 106,723	\$ 42,531	\$ -
Project number 111530/1011		1,147,356	-	-	869,500	1,044,101	174,601
Subtotal Title I, Part A		2,159,204	857,053	64,192	976,223	1,086,632	174,601
ARRA - Title I Grants to Educational Agencies, Recovery Act:							
ARRA Project number 101535/0910	84.389A	185,366	77,638	8,063	115,791	107,728	-
ARRA Carryover Project number 111535/1011		420,291	-	-	113,574	163,632	50,058
Subtotal ARRA - Title I, Grants to Local Educational Agencies, Recovery Act		605,657	77,638	8,063	229,365	271,360	50,058
Total Title I, Part A Cluster		2,764,861	934,691	72,255	1,205,588	1,357,992	224,659
Education Technology State Grants Cluster - U.S. Department of Education - Passed through the Michigan Department of Education - Education Technology State Grants, Recovery Act - Title II, Part D - ARRA Carryover Project number 114295/1011							
	84.386A	2,427	-	-	2,427	2,427	-
State Fiscal Stabilization Fund Cluster - U.S. Department of Education - Passed through the Michigan Department of Education - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act - ARRA Project number 112525/1011							
	84.394	1,838,822	-	-	1,838,822	1,838,822	-
TANF Cluster - U.S. Department of Labor - Passed through Macomb/St. Clair Workforce Development Board - Michigan Works Administrative Assistant Vocational Training Program 10/1/09 - 09/30/10 - TANF Jet							
	93.558	32,802	3,598	-	18,304	18,304	-

See Notes to Schedule of Expenditures
of Federal Awards.

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2010	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Other federal awards:							
U.S. Department of Education:							
Indian Education - Grants to Local Educational Agencies:							
Grant award #S060A092342	84.060A	\$ 155,296	\$ 139,520	\$ 55,276	\$ 55,276	\$ -	\$ -
Grant award #S060A102342		<u>135,302</u>	<u>-</u>	<u>-</u>	<u>119,899</u>	<u>133,763</u>	<u>13,864</u>
Total Indian Education Grant		290,598	139,520	55,276	175,175	133,763	13,864
Passed through the Macomb County ISD:							
Vocational Education - Basic Grants to States (Perkins IV) -							
Project number 113520-111216	84.048A	178,567	-	-	169,783	178,567	8,784
Adult Education - State Administered:							
Project number 101130-101198	84.002A	50,000	47,568	19,737	19,737	-	-
Project number 111130-111198		<u>75,180</u>	<u>-</u>	<u>-</u>	<u>58,005</u>	<u>75,180</u>	<u>17,175</u>
Total Adult Education - State Administered		<u>125,180</u>	<u>47,568</u>	<u>19,737</u>	<u>77,742</u>	<u>75,180</u>	<u>17,175</u>
Subtotal awards passed through the Macomb County ISD		303,747	47,568	19,737	247,525	253,747	25,959
U.S. Department of Education - Passed through the Michigan Department of Education:							
Title III - Limited English:							
Project number 100580/0910	84.365A	104,947	98,660	2,356	2,356	-	-
Project number 110580/1011		<u>123,855</u>	<u>-</u>	<u>-</u>	<u>43,163</u>	<u>46,025</u>	<u>2,862</u>
Total Title III - Limited English		228,802	98,660	2,356	45,519	46,025	2,862
Safe and Drug-free Schools and Communities:							
Project number 102860/0910	84.186A	41,469	33,918	665	5,766	5,101	-
Project number 112860/1011		<u>2,450</u>	<u>-</u>	<u>-</u>	<u>2,450</u>	<u>2,450</u>	<u>-</u>
Total Safe and Drug-free Schools and Communities		43,919	33,918	665	8,216	7,551	-
Title II, Part A - Teacher/Principal Training & Recruiting:							
Project number 100520/0910	84.367A	340,225	267,065	10,130	10,130	-	-
Project number 110520/1011		<u>414,348</u>	<u>-</u>	<u>-</u>	<u>361,569</u>	<u>414,348</u>	<u>52,779</u>
Total Title II, Part A - Teacher/Principal Training & Recruiting		754,573	267,065	10,130	371,699	414,348	52,779
Education Jobs Fund - Project number 112545-1011	84.410	<u>3,542,214</u>	<u>-</u>	<u>-</u>	<u>3,542,214</u>	<u>3,542,214</u>	<u>-</u>
Total U.S. Department of Education passed through the Michigan Department of Education		4,569,508	399,643	13,151	3,967,648	4,010,138	55,641

See Notes to Schedule of Expenditures
of Federal Awards.

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2010	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Other federal awards (Continued):							
U.S. Department of Education (Continued):							
Passed through Macomb Community College - Tech Prep Education - Project number 111416	84.243A	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -
Total U.S. Department of Education noncluster programs		5,173,853	586,731	88,164	4,400,348	4,407,648	95,464
Department of Health and Human Services -							
Drug Free Community Support:							
Grant Award #1H79SP015883-01/0911	93.276	125,000	66,200	20,760	62,697	41,937	-
Grant Award #5H79SP015883-02/1011		125,000	-	-	82,850	87,629	4,779
Total Department of Health and Human Services		250,000	66,200	20,760	145,547	129,566	4,779
Total federal awards		<u>\$ 19,601,853</u>	<u>\$ 5,351,665</u>	<u>\$ 1,065,270</u>	<u>\$ 13,024,759</u>	<u>\$ 13,207,666</u>	<u>\$ 1,248,177</u>

See Notes to Schedule of Expenditures
of Federal Awards.

Chippewa Valley Schools

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 14,725,013
Less federal interest subsidy on Build America bonds	<u>(1,517,347)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 13,207,666</u>

Chippewa Valley Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

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 Chippewa Valley Schools under programs of the federal government for the year ended June 30, 2011. 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 Chippewa Valley Schools, it is not intended to and does not present the financial position, changes in net assets or cash flows, if applicable, of Chippewa Valley Schools. Pass-through entity identifying numbers are presented where available.

Note 2 - Grant Section Auditor's Report

Management has utilized 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.

Note 3 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

Chippewa Valley Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

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 programs:

CFDA Numbers	Name of Federal Program or Cluster
84.391A, 84.027A, 84.392A, 84.173A 84.394	Special Education Cluster State Fiscal Stabilization Fund Cluster - Education Stabilization Fund
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs: \$396,230

Auditee qualified as low-risk auditee? Yes No

Chippewa Valley Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2011

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Chippewa Valley Schools

Summary Schedule of Prior Audit Findings Year Ended June 30, 2011

Prior Year Finding Number	Federal Program	Status	Planned Corrective Action
2010-1	N/A	Corrected	The School District has implemented a monthly control procedure to ensure identification and proper recording of all unique, nonrecurring-type transactions. This item is included in the School District's month-end closing checklist.