

Chippewa Valley Schools

**Federal Awards
Supplemental Information
June 30, 2010**

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, 2010, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 20, 2010. 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 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule 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

September 20, 2010

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 as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 20, 2010. 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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 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 a material weakness, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency in internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2010-1 to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

Chippewa Valley Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Chippewa Valley Schools' response and, accordingly, we express no opinion on it.

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

September 20, 2010

Report on Compliance with Requirements Applicable to 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 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 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 the School District's management. Our responsibility is to express an opinion on the School District'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 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

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 the School District'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 entity'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.

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

September 20, 2010

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2009	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Clusters:							
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:							
Cash Assistance:							
National School Breakfast Program - 2009-2010	10.553	\$ 92,331	\$ 92,444	\$ -	\$ 92,331	\$ 92,331	\$ -
National School Lunch Program Section 4 - 2009-2010	10.555	186,587	-	-	186,587	186,587	-
National School Lunch Program Section 11 - 2009-2010	10.555	<u>909,716</u>	<u>860,395</u>	<u>-</u>	<u>909,716</u>	<u>909,716</u>	<u>-</u>
Cash Assistance subtotal		1,188,634	952,839	-	1,188,634	1,188,634	-
Noncash Assistance (Commodities) - National School Lunch Program :							
Entitlement commodities - 2009-2010	10.555	142,815	126,830	-	142,815	142,815	-
Bonus commodities 2009-2010		<u>10,874</u>	<u>24,087</u>	<u>-</u>	<u>10,874</u>	<u>10,874</u>	<u>-</u>
Noncash Assistance subtotal		<u>153,689</u>	<u>150,917</u>	<u>-</u>	<u>153,689</u>	<u>153,689</u>	<u>-</u>
Total Child Nutrition Cluster		1,342,323	1,103,756	-	1,342,323	1,342,323	-
SNAP Cluster:							
U.S. Department of Labor - Passed through Macomb/St. Clair Workforce Development Board:							
Food Assistance Emp. & Training 10/1/08 - 9/30/09	10.561	3,433	-	-	3,433	3,433	-
Food Assistance Emp. & Training 10/1/09 - 9/30/10	10.561	<u>3,589</u>	<u>-</u>	<u>-</u>	<u>2,660</u>	<u>3,589</u>	<u>929</u>
Total SNAP Cluster		<u>7,022</u>	<u>-</u>	<u>-</u>	<u>6,093</u>	<u>7,022</u>	<u>929</u>

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2009	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Clusters (Continued):							
Workforce Investment Act Cluster:							
U.S. Department of Labor - Passed through Macomb/St. Clair							
Workforce Development Board:							
Michigan Works Administrative Assistant Vocational Training:							
Program 10/1/08 - 9/30/09:							
TANF Jet	93.558	\$ 55,512	\$ 23,412	\$ 4,938	\$ 10,883	\$ 5,945	\$ -
Dislocated Worker	17.260	3,217	1,500	-	1,717	1,717	-
Statewide Activities WF Support - 50.70%	17.260	3,213	-	-	3,213	3,213	-
Statewide Activities WF Support - 23.62%	17.258	1,497	-	-	1,497	1,497	-
Statewide Activities WF Support - 25.68%	17.259	1,627	-	-	1,627	1,627	-
Total Program 10/1/08-09/30/09		65,066	24,912	4,938	18,937	13,999	-
Program 10/1/09 - 9/30/10:							
TANF Jet	93.558	32,802	-	-	3,598	3,598	-
Adult	17.258	1,500	-	-	1,500	1,500	-
Statewide Activities WF Support - 23.62%	17.258	5,861	-	-	4,984	5,861	877
Statewide Activities WF Support - 25.68%	17.259	6,373	-	-	5,418	6,373	955
Dislocated Worker	17.260	6,000	-	-	6,000	6,000	-
Statewide Activities WF Support - 50.70%	17.260	12,581	-	-	10,698	12,581	1,883
Total Program 10/1/09-09/30/10		65,117	-	-	32,198	35,913	3,715
Michigan Works Administrative Assistant Vocational Training subtotal		130,183	24,912	4,938	51,135	49,912	3,715
Summer Youth Employment Program	17.259	27,544	7,207	7,207	20,673	13,466	-
Passed through Macomb County ISD:							
SRC: 31 WIA Youth Regular - Project number 08-1051	17.259	91,798	85,812	12,920	12,920	-	-
SRC: 31 WIA Youth Summer - Project number 09-1050		6,668	-	-	5,467	5,467	-
SRC: 31 WIA Youth Regular - Project number 09-1051		82,371	-	-	58,839	68,520	9,681
Passed through Macomb County ISD subtotal		180,837	85,812	12,920	77,226	73,987	9,681
Total Workforce Investment Act Cluster		338,564	117,931	25,065	149,034	137,365	13,396

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2009	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Clusters (Continued):							
Special Education Cluster -							
U.S. Department of Education - Passed through the Macomb County ISD:							
IDEA:							
ARRA - Project number 100455/0911	84.391	\$ 2,758,122	\$ -	\$ -	\$ 1,016,672	\$ 1,349,832	\$ 333,160
Project number 090450/0810 CB	84.027	2,133,027	2,081,955	635,671	686,743	51,072	-
Project number 100450/0911 CB	84.027	<u>2,375,583</u>	<u>-</u>	<u>-</u>	<u>1,691,067</u>	<u>2,196,209</u>	<u>505,142</u>
Total IDEA		7,266,732	2,081,955	635,671	3,394,482	3,597,113	838,302
Preschool Incentive:							
ARRA - Project number 100465/0911	84.392	82,797	-	-	28,875	40,297	11,422
Project number 090460-0810	84.173	82,907	82,907	28,043	28,043	-	-
Project number 100460/0911	84.173	<u>77,183</u>	<u>-</u>	<u>-</u>	<u>57,141</u>	<u>77,183</u>	<u>20,042</u>
Total Preschool Incentive		<u>242,887</u>	<u>82,907</u>	<u>28,043</u>	<u>114,059</u>	<u>117,480</u>	<u>31,464</u>
Total Special Education Cluster - Passed through the Macomb County ISD		7,509,619	2,164,862	663,714	3,508,541	3,714,593	869,766
State Fiscal Stabilization Fund Cluster - U.S. Department of Education - Passed through the Michigan Department of Education State Fiscal Stabilization Fund (SFSF) - Education Grants, Recovery Act:							
(Education Stabilization Fund) - Project number 0925250809	84.394	5,788,950	5,788,950	5,788,950	5,788,950	-	-
(Education Stabilization Fund) - Project number 1025250910		<u>4,365,341</u>	<u>-</u>	<u>-</u>	<u>4,365,341</u>	<u>4,365,341</u>	<u>-</u>
Total State Fiscal Stabilization Fund Cluster		10,154,291	5,788,950	5,788,950	10,154,291	4,365,341	-
Title I Cluster - U.S. Department of Education - Passed through the Michigan Department of Education - Title I Cluster:							
ARRA - Project number 1015350910	84.389	605,658	-	-	69,575	77,638	8,063
Project number 0915300809	84.010	974,039	675,000	116,288	415,327	299,039	-
Project number 1015300910	84.010a	<u>1,011,848</u>	<u>-</u>	<u>-</u>	<u>792,861</u>	<u>857,053</u>	<u>64,192</u>
Total Title I Cluster		2,591,545	675,000	116,288	1,277,763	1,233,730	72,255

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2009	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Clusters (Continued):							
Education Technology State Grants Cluster - U.S. Department of Education - Passed through the Michigan Department of Education - Enhancing Education Through Technology - Title II, Part D:							
ARRA - Project number 1042950910	84.386A	\$ 21,172	\$ -	\$ -	\$ 18,745	\$ 18,745	\$ -
Project number 0942900809	84.318	8,432	7,412	327	327	-	-
Total Education Technology State Grants Cluster		29,604	7,412	327	19,072	18,745	-
Other federal awards:							
U.S. Department of Education:							
Indian Education Grant award #S060A092342	84.060A	155,296	-	-	84,244	139,520	55,276
Passed through the Macomb County ISD:							
Vocational Education - Basic Grants to States (Perkins III) -							
Project number 103520 101216	84.048	178,567	-	-	178,567	178,567	-
Adult Ed - State Administered -							
Project number 101130-101198	84.002	50,000	-	-	27,831	47,568	19,737
Subtotal awards passed through the Macomb County ISD		228,567	-	-	206,398	226,135	19,737
Passed through the Michigan Department of Education:							
Title III - Limited English:							
Project number 090580/0809	84.365A	66,797	35,188	2,685	2,685	-	-
Project number 100580/0910		104,947	-	-	96,304	98,660	2,356
Total Title III - Limited English		171,744	35,188	2,685	98,989	98,660	2,356
Safe and Drug-free Schools and Communities:							
Project number 0928600809	84.186	34,858	30,691	4,584	4,584	-	-
Project number 1028600910		41,469	-	-	33,253	33,918	665
Total Safe and Drug-free Schools and Communities		76,327	30,691	4,584	37,837	33,918	665

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2009	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2010
Other federal awards (Continued):							
U.S. Department of Education (Continued):							
Passed through the Michigan Department of Education -							
Improving Teacher Quality, Title II, Part A:							
Project number 0905200809	84.367	\$ 426,814	\$ 423,322	\$ 52,583	\$ 52,583	\$ -	\$ -
Project number 1005200910		340,225	-	-	256,935	267,065	10,130
Total Improving Teacher Quality		<u>767,039</u>	<u>423,322</u>	<u>52,583</u>	<u>309,518</u>	<u>267,065</u>	<u>10,130</u>
Total U.S. Department of Education passed through the Michigan Department of Education		<u>1,015,110</u>	<u>489,201</u>	<u>59,852</u>	<u>446,344</u>	<u>399,643</u>	<u>13,151</u>
Total U.S. Department of Education Noncluster Programs		1,398,973	489,201	59,852	736,986	765,298	88,164
Department of Health and Human Services - Drug Free Communities Support Program	93.276	125,000	-	-	45,440	66,200	20,760
Total federal awards		<u>\$ 23,496,941</u>	<u>\$ 10,347,112</u>	<u>\$ 6,654,196</u>	<u>\$ 17,239,543</u>	<u>\$ 11,650,617</u>	<u>\$ 1,065,270</u>

Chippewa Valley Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Chippewa Valley Schools and is presented on the same basis of accounting as the basic 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Noncash Assistance

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

Note 3 - Grant Section Auditor's Report

Management has utilized Form R-7120 and 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.

Chippewa Valley Schools

Schedule of Findings and Questioned Costs Year Ended 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 X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes ___ None reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major program(s):

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

Type of auditor's report issued on compliance for major program(s): 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 program(s):

CFDA Numbers	Name of Federal Program or Cluster
84.389, 84.010	Title I Cluster
84.391, 84.027, 84.392, 84.173	IDEA Cluster
84.394	State Fiscal Stabilization Fund Cluster - Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$349,519

Auditee qualified as low-risk auditee? X Yes ___ No

Chippewa Valley Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2010

Section II - Financial Statement Audit Findings

Reference Number	Findings
2010-1	<p>Finding Type - Significant deficiency</p> <p>Criteria and Condition - The School District did not record the 2009 debt refunding transaction in the debt service fund.</p> <p>Context, Cause, and Effect - A bond refunding is a unique and nonrecurring transaction. The School District properly created a 2009 refunding Debt Service Fund. The School District did not record the necessary journal entry in order to reflect the refunding transaction, the effect of which resulted in revenue and expenditures being understated in the statement of revenue, expenditures, and changes in fund balance.</p> <p>Recommendation - The School District should add an additional level of review when involved in nonrecurring and unique transactions, such as a debt refunding, in order to verify proper recording.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Chippewa Valley Schools' administration recognizes the importance of a sound internal control system. The School District has worked diligently over the years to refine its control system, by continual review, modification, and adding of controls, to optimize the control system in place.</p> <p>Nonrecurring transactions, such as a bond refunding, occur only once every few years. We have implemented a monthly control procedure to ensure identification and proper recording of all unique, nonrecurring-type transactions.</p>

Chippewa Valley Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2010

Section III - Federal Program Audit Findings

Reference Number	Findings
None	