

Chippewa Valley Schools

**Federal Awards
Supplemental Information
June 30, 2015**

Chippewa Valley Schools

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise Chippewa Valley Schools' basic financial statements. We issued our report thereon dated October 20, 2015, which contained an unmodified opinion, with an emphasis of matter related to the adoption of GASB Statement No. 68 and 71, on the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 20, 2015.

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 as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic 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 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.

Plante & Moran, PLLC

October 20, 2015

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*

Independent Auditor's Report

To Management and the Board of Education
Chippewa Valley Schools

We have audited, 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Chippewa Valley Schools' basic financial statements, and have issued our report thereon dated October 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chippewa Valley Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chippewa Valley Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Chippewa Valley Schools' internal control.

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 Chippewa Valley Schools' financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and 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 from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Morse, PLLC

October 20, 2015

Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Education
Chippewa Valley Schools

Report on Compliance for Each Major Federal Program

We have audited Chippewa Valley Schools' compliance 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, 2015. Chippewa Valley Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chippewa Valley Schools' major federal programs based on our audit of the types of compliance requirements referred to above.

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 on compliance for each major federal program. However, our audit does not provide a legal determination of Chippewa Valley Schools' compliance.

To the Board of Education
Chippewa Valley Schools

Opinion on Each Major Federal Program

In our opinion, Chippewa Valley Schools complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of Chippewa Valley Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chippewa Valley Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Chippewa Valley Schools' 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Morse, PLLC

October 20, 2015

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

| Program Title/Project Number/Subrecipient Name | CFDA Number | Approved Awards Amount | (Memo Only) Prior Year Expenditures | Accrued (Deferred) Revenue at June 30, 2014 | Adjustment | Federal Funds/ Payments In-kind Received | Final Expenditures | Accrued (Deferred) Revenue at June 30, 2015 |
|---|-------------|------------------------|-------------------------------------|---|------------|--|--------------------|---|
| Clusters: | | | | | | | | |
| Child Nutrition Cluster- U.S. Department of Agriculture - Passed through the Michigan Department of Education: | | | | | | | | |
| Cash Assistance: | | | | | | | | |
| National School Breakfast Program 2014-2015 | 10.553 | \$ 180,247 | \$ - | \$ - | \$ - | \$ 180,247 | \$ 180,247 | \$ - |
| National School Lunch Program 2014-2015 | 10.555 | <u>1,315,151</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,315,151</u> | <u>1,315,151</u> | <u>-</u> |
| Cash Assistance Subtotal | | 1,495,398 | - | - | - | 1,495,398 | 1,495,398 | - |
| Noncash Assistance (Commodities): | | | | | | | | |
| National School Lunch Program - Entitlement commodities 2014-2015 | 10.555 | <u>188,456</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>188,456</u> | <u>188,456</u> | <u>-</u> |
| Total Child Nutrition Cluster | | 1,683,854 | - | - | - | 1,683,854 | 1,683,854 | - |
| Workforce Investment Act Cluster - U.S. Department of Labor - Passed through the Macomb/St. Clair Workforce Development Board: | | | | | | | | |
| SRC:31 WIA Younger Youth Continuum- Contract number 13-050/23 | | 36,200 | 36,200 | 9,238 | - | 9,238 | - | - |
| SRC:31 WIA Younger Youth Summer Component - Contract number 14-050/22 | | 14,684 | - | - | - | 12,774 | 12,774 | - |
| SRC:31 WIA Younger Youth Continuum- Contract number 14-050/23 | | <u>39,396</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>31,201</u> | <u>38,712</u> | <u>7,511</u> |
| Total Workforce Investment Act Cluster | | 90,280 | 36,200 | 9,238 | - | 53,213 | 51,486 | 7,511 |

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2015

| Program Title/Project Number/Subrecipient Name | CFDA Number | Approved Awards Amount | (Memo Only) Prior Year Expenditures | Accrued (Deferred) Revenue at June 30, 2014 | Adjustment | Federal Funds/ Payments In-kind Received | Final Expenditures | Accrued (Deferred) Revenue at June 30, 2015 |
|--|-------------|------------------------|-------------------------------------|---|------------|--|--------------------|---|
| Clusters (Continued): | | | | | | | | |
| Special Education Cluster - U.S. Department of Education - Passed through the Macomb County ISD: | | | | | | | | |
| IDEA, Part B: | | | | | | | | |
| | 84.027A | | | | | | | |
| Project number 130450/1213 | | \$ 2,646,802 | \$ 61,195 | \$ 16,055 | \$ - | \$ 16,055 | \$ - | \$ - |
| Project number 140450/1314 | | 2,728,478 | 2,603,004 | 658,502 | - | 783,976 | 125,474 | - |
| Project number 150450/1415 | | 2,752,129 | - | - | - | 1,967,208 | 2,681,772 | 714,564 |
| Total IDEA, Part B | | 8,127,409 | 2,664,199 | 674,557 | - | 2,767,239 | 2,807,246 | 714,564 |
| Preschool Incentive: | | | | | | | | |
| | 84.173A | | | | | | | |
| Project number 140460/1314 | | 94,263 | 94,263 | 25,057 | - | 25,057 | - | - |
| Project number 150460/1415 | | 64,451 | - | - | - | 48,132 | 64,451 | 16,319 |
| Total Preschool Incentive | | 158,714 | 94,263 | 25,057 | - | 73,189 | 64,451 | 16,319 |
| Total Special Education Cluster - Passed through the Macomb County ISD | | 8,286,123 | 2,758,462 | 699,614 | - | 2,840,428 | 2,871,697 | 730,883 |
| Other federal awards: | | | | | | | | |
| U.S. Department of Education - Passed through the Michigan Department of Education: | | | | | | | | |
| Title I, Part A | | | | | | | | |
| | 84.010 | | | | | | | |
| Project number 131530/1213 | | 1,516,114 | 111,296 | (160) | 160 | - | - | - |
| Project number 141530/1314 | | 1,595,141 | 1,249,710 | 239,352 | - | 371,865 | 132,513 | - |
| Project number 151530/1415 | | 1,463,912 | - | - | - | 953,779 | 1,166,459 | 212,680 |
| Total Title I, Part A | | 4,575,167 | 1,361,006 | 239,192 | 160 | 1,325,644 | 1,298,972 | 212,680 |
| Title II, Part A - Teacher/Principal Training and Recruiting: | | | | | | | | |
| | 84.367A | | | | | | | |
| Project number 140520/1314 | | 326,077 | 325,909 | 122,899 | - | 122,899 | - | - |
| Project number 150520/1415 | | 274,821 | - | - | - | 176,601 | 225,651 | 49,050 |
| Total Title II, Part A - Teacher/Principal Training and Recruiting | | 600,898 | 325,909 | 122,899 | - | 299,500 | 225,651 | 49,050 |

See Notes to Schedule of Expenditures of Federal Awards.

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2015

| Program Title/Project Number/Subrecipient Name | CFDA Number | Approved Awards Amount | (Memo Only) Prior Year Expenditures | Accrued (Deferred) Revenue at June 30, 2014 | Adjustment | Federal Funds/ Payments In-kind Received | Final Expenditures | Accrued (Deferred) Revenue at June 30, 2015 |
|---|-------------|------------------------|-------------------------------------|---|------------|--|--------------------|---|
| Other federal awards (Continued): | | | | | | | | |
| U.S. Department of Education - Passed through the Michigan Department of Education (Continued): | | | | | | | | |
| Title III - Limited English: | | | | | | | | |
| Project number 140580/1314 | 84.365A | \$ 188,668 | \$ 163,501 | \$ 17,367 | \$ - | \$ 17,367 | \$ - | \$ - |
| Project number 150580/1415 | | 155,671 | - | - | - | 144,021 | 155,671 | 11,650 |
| Total Title III - Limited English | | 344,339 | 163,501 | 17,367 | - | 161,388 | 155,671 | 11,650 |
| Subtotal awards passed through the Michigan Department of Education | | 5,520,404 | 1,850,416 | 379,458 | 160 | 1,786,532 | 1,680,294 | 273,380 |
| U.S. Department of Education - Passed through the Macomb County ISD: | | | | | | | | |
| Vocational Education - Basic Grants to States (Perkins IV): | | | | | | | | |
| Project number 143520-141216 | 84.048A | 158,720 | 158,720 | 90,665 | - | 90,665 | - | - |
| Project number 153520-151216 | | 148,614 | - | - | - | 94,175 | 148,614 | 54,439 |
| Total Vocational Education - Perkins IV | | 307,334 | 158,720 | 90,665 | - | 184,840 | 148,614 | 54,439 |
| Adult Education - State Administered: | | | | | | | | |
| Project number 141130-141198 | 84.002A | 80,000 | 73,897 | 48,653 | - | 48,653 | - | - |
| Project number 151130-151198 | | 80,000 | - | - | - | 72,273 | 78,563 | 6,290 |
| Total Adult Education - State Administered | | 160,000 | 73,897 | 48,653 | - | 120,926 | 78,563 | 6,290 |
| Subtotal awards passed through the Macomb County ISD | | 467,334 | 232,617 | 139,318 | - | 305,766 | 227,177 | 60,729 |

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2015

| Program Title/Project Number/Subrecipient Name | CFDA Number | Approved Awards Amount | (Memo Only) Prior Year Expenditures | Accrued (Deferred) Revenue at June 30, 2014 | Adjustment | Federal Funds/ Payments In-kind Received | Final Expenditures | Accrued (Deferred) Revenue at June 30, 2015 |
|---|----------------|------------------------------|---|--|---------------|---|---------------------|--|
| Other federal awards (Continued): | | | | | | | | |
| U.S. Department of Education - Indian Education - | | | | | | | | |
| Grants to Local Educational Agencies: | | | | | | | | |
| Grant award #S060A132343-1314 | 84.060A | \$ 129,456 | \$ 129,456 | \$ 35,503 | \$ - | \$ 35,503 | \$ - | \$ - |
| Grant award #S060A142342-1415 | | 138,064 | - | - | - | 103,590 | 138,064 | 34,474 |
| Total Indian Education Grant | | 267,520 | 129,456 | 35,503 | - | 139,093 | 138,064 | 34,474 |
| Total U.S. Department of Education Noncluster Programs | | 6,255,258 | 2,212,489 | 554,279 | 160 | 2,231,391 | 2,045,535 | 368,583 |
| Department of Health and Human Services - | | | | | | | | |
| Drug Free Community Support: | | | | | | | | |
| Grant Award #5H79SP015883-05/1314 | 93.276 | 125,000 | 70,326 | 4,077 | - | 28,435 | 24,358 | - |
| Grant Award #2H79SP015883-06/1415 | | 125,000 | - | - | - | 68,475 | 88,520 | 20,045 |
| Total Department of Health and Human Services Noncluster Programs | | 250,000 | 70,326 | 4,077 | - | 96,910 | 112,878 | 20,045 |
| Total Federal Awards | | \$ 16,565,515 | \$ 5,077,477 | \$ 1,267,208 | \$ 160 | \$ 6,905,796 | \$ 6,765,450 | \$ 1,127,022 |

Chippewa Valley Schools

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

| | |
|--|---------------------|
| Revenue from federal sources - As reported on financial statements (includes all funds) | \$ 8,191,842 |
| Less federal interest subsidy on Build America bonds | <u>(1,426,392)</u> |
| Federal expenditures per the schedule of expenditures of federal awards | <u>\$ 6,765,450</u> |

Chippewa Valley Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

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, 2015. 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 Auditor 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.

Note 4 - Adjustments and Transfers

During the year ended June 30, 2015, \$160 is reported as a reduction of expenditures as a result of an adjustment Chippewa Valley Schools received that related to the Title I grant from the year ended June 30, 2013.

Chippewa Valley Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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 weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

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 Numbers | Name of Federal Program or Cluster |
|---------------------------|---|
| 10.553, 10.555 84.367A | Child Nutrition Cluster Title II, Part A |

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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

Chippewa Valley Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None