

Chippewa Valley Schools

**Federal Awards
Supplemental Information
June 30, 2016**

Chippewa Valley Schools

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Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Chippewa Valley Schools

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Chippewa Valley Schools (the "Chippewa Valley Schools") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Chippewa Valley Schools' basic financial statements. We issued our report thereon dated October 3, 2016, which contained unmodified opinions on the basic financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 3, 2016.

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 the Uniform Guidance, 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 3, 2016

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, the major fund, and the aggregate remaining fund information of Chippewa Valley Schools (the "Chippewa Valley Schools") as of and for the year ended June 30, 2016 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 3, 2016.

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 the 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 the 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 the 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 & Moran, PLLC

October 3, 2016

Report on Compliance for the 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 the Major Federal Program

We have audited Chippewa Valley Schools' (the "Chippewa Valley Schools") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2016. Chippewa Valley Schools' major federal program is 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 its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Chippewa Valley Schools' major federal program 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 Management and the Board of Education
Chippewa Valley Schools

Opinion on the 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 its major federal program for the year ended June 30, 2016.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 3, 2016

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2015	Adjustment	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2016	Current Year Cash Transferred to Subrecipient
Clusters:										
Child Nutrition Cluster- U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) -										
National Lunch Program Commodities 2015-16	N/A	10.555	\$ 225,508	\$ -	\$ -	\$ -	\$ 225,508	\$ 225,508	\$ -	\$ -
Cash Assistance - National School Lunch Program 2015-16	161960	10.555	1,415,117	-	-	-	1,415,117	1,415,117	-	-
National School Lunch Program (including commodities) Subtotal		10.555	1,640,625	-	-	-	1,640,625	1,640,625	-	-
National School Breakfast Program 2015-16	161970	10.553	196,466	-	-	-	196,466	196,466	-	-
Total Child Nutrition Cluster			1,837,091	-	-	-	1,837,091	1,837,091	-	-
Workforce Investment Act Cluster - U.S. Department of Labor -										
Passed through the Macomb/St. Clair Workforce Development Board - SRC:31 WIA Younger Youth Continuum										
	14-050/23	17.259	39,396	38,712	7,511	-	7,511	-	-	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Macomb County ISD:										
IDEA, Part B:										
IDEA, Part B 1415	150450	84.027A	2,752,129	2,681,772	714,564	-	770,602	70,357	14,319	-
IDEA, Part B 1516	160450	84.027A	2,883,090	-	-	-	2,218,407	2,863,567	645,160	-
Total IDEA, Part B		84.027A	5,635,219	2,681,772	714,564	-	2,989,009	2,933,924	659,479	-
IDEA Preschool Incentive:										
IDEA Preschool 1415	150460	84.173A	64,451	64,451	16,319	-	16,319	-	-	-
IDEA Preschool 1516	160460	84.173A	99,383	-	-	-	75,196	99,383	24,187	-
Total IDEA Preschool Incentive		84.173A	163,834	64,451	16,319	-	91,515	99,383	24,187	-
Total Special Education Cluster - Passed through the Macomb County ISD			5,799,053	2,746,223	730,883	-	3,080,524	3,033,307	683,666	-

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2015	Adjustment	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2016	Current Year Cash Transferred to Subrecipient
Other federal awards:										
U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I, Part A School Wide Planning	161520	84.010A	\$ 3,000	\$ -	\$ -	\$ -	\$ 1,062	\$ 1,062	\$ -	\$ -
Title I, Part A:										
Title I Part A 1415	151530	84.010	1,463,912	1,166,459	212,680	-	349,655	136,975	-	-
Title I Part A 1516	161530	84.010	1,485,410	-	-	-	919,431	1,116,543	197,112	-
Total Title I, Part A		84.010	2,952,322	1,166,459	212,680	-	1,270,148	1,254,580	197,112	-
U.S. Department of Education - Passed through the Michigan Department of Education (Continued):										
Title II, Part A - Teacher/Principal Training and Recruiting:										
Title II Part A 1415	150520	84.367A	274,821	225,651	49,050	-	48,278	(772)	-	-
Title II Part A 1516	160520	84.367A	309,920	-	-	-	169,942	212,149	42,207	-
Total Title II, Part A		84.367A	584,741	225,651	49,050	-	218,220	211,377	42,207	-
Title III - Immigrant Students 1516	160570	84.365A	16,671	-	-	-	16,671	16,671	-	-
Title III - Limited English:										
Title III 1415	150580	84.365A	155,671	155,671	11,650	-	11,650	-	-	-
Title III 1516	160580	84.365A	139,045	-	-	-	101,684	119,430	17,746	-
Total Title III - Limited English		84.365A	294,716	155,671	11,650	-	113,334	119,430	17,746	-
Title III Immigrant Children and Youth 1516	160590	84.365B	276	-	-	-	276	276	-	-
Subtotal awards passed through the Michigan Department of Education			3,848,726	1,547,781	273,380	-	1,618,649	1,602,334	257,065	-
U.S. Department of Education - Passed through the Macomb County ISD:										
Vocational Education - Basic Grants to States (Perkins IV):										
Vocational Education 1415	153520/151216	84.048A	148,614	148,614	54,439	-	54,439	-	-	-
Vocational Education 1516	163520/161216	84.048A	148,614	-	-	-	81,794	148,614	66,820	-
Total Vocational Education - Perkins IV		84.048A	297,228	148,614	54,439	-	136,233	148,614	66,820	-

Chippewa Valley Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2015	Adjustment	Federal Funds/ Payments In-kind Received	Final Expenditures	Accrued (Deferred) Revenue at June 30, 2016	Current Year Cash Transferred to Subrecipient
Other federal awards (Continued):										
U.S. Department of Education - Passed through the Macomb County ISD (Continued):										
Adult Education - State Administered:										
Adult Education 1415	151130 151198	84.002A	\$ 80,000	\$ 78,563	\$ 6,290	\$ -	\$ 6,290	\$ -	\$ -	\$ -
Adult Education 1516	161130 161198	84.002A	104,000	-	-	-	79,298	99,049	19,751	-
Total Adult Education - State Administered		84.002A	184,000	78,563	6,290	-	85,588	99,049	19,751	-
Subtotal awards passed through the Macomb County ISD			481,228	227,177	60,729	-	221,821	247,663	86,571	-
U.S. Department of Education - Indian Education - Grants to Local Educational Agencies:										
Indian Education 1415	#S060A142342	84.060A	138,064	138,064	34,474	-	34,474	-	-	-
Indian Education 1516	#S060A152342	84.060A	124,030	-	-	-	98,361	119,521	21,160	-
Total Indian Education Grant		84.060A	262,094	138,064	34,474	-	132,835	119,521	21,160	-
Total U.S. Department of Education Noncluster Programs			4,592,048	1,913,022	368,583	-	1,973,305	1,969,518	364,796	-
Department of Health and Human Services - Drug Free Community Support:										
Drug Free Community Support 1314	#5H79SP015883-05	93.276	125,000	24,358	-	-	30,316	30,316	-	-
Drug Free Community Support 1415	#5H79SP015883-06	93.276	125,000	88,520	20,045	-	56,525	36,480	-	-
Drug Free Community Support 1516	#5H79SP015883-07	93.276	125,000	-	-	-	83,625	86,576	2,951	-
Total Department of Health and Human Services Noncluster Programs			375,000	112,878	20,045	-	170,466	153,372	2,951	-
Total federal awards			\$ 12,642,588	\$ 4,810,835	\$ 1,127,022	\$ -	\$ 7,068,897	\$ 6,993,288	\$ 1,051,413	\$ -

Chippewa Valley Schools

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 8,052,918
Less federal interest subsidy on Build America bonds	<u>(1,059,630)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 6,993,288</u>

Chippewa Valley Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Note 1 - Basis of Presentation

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, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

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 position or cash flows of Chippewa Valley Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, or the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The District has not elected to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - 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 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Chippewa Valley Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2016

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 2 CFR 200.516 (a)? _____ Yes X No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
84.027 , 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None