

Warren Consolidated Schools

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

Warren Consolidated Schools

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Independent Auditor's Report

To the Board of Education
Warren Consolidated Schools

We have audited the basic financial statements of Warren Consolidated Schools (the "School District") as of and for the year ended June 30, 2011 and have issued our report thereon dated November 8, 2011. Those basic financial statements are the responsibility of the management of Warren Consolidated Schools. Our responsibility is to express an opinion 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 basic 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 opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Warren Consolidated Schools taken as a whole. The accompanying schedule of expenditures of federal awards and reconciliation of basic 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

November 8, 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
Warren Consolidated Schools

We have audited the financial statements of Warren Consolidated Schools (the "School District") as of and for the year ended June 30, 2011 and have issued our report thereon dated November 8, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Warren Consolidated Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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
Warren Consolidated Schools

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren Consolidated 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*.

This report is intended solely for the information and use of management, the Board of Education, others within the School District, management, 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 & Morse, PLLC

November 8, 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
Warren Consolidated Schools

Compliance

We have audited the compliance of Warren Consolidated 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 Warren Consolidated 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 Warren Consolidated Schools' management. Our responsibility is to express an opinion on Warren Consolidated 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 Warren Consolidated 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 Warren Consolidated Schools' compliance with those requirements.

In our opinion, Warren Consolidated 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
Warren Consolidated Schools

Internal Control Over Compliance

The management of Warren Consolidated 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 Warren Consolidated 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, management, 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 & Morse, PLLC

November 8, 2011

Warren Consolidated 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 Revenue at July 1, 2010	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Clusters:								
Child Nutrition Cluster -								
U.S. Department of Agriculture - Passed through the Michigan Department of Education:								
Noncash Assistance:								
	10.555							
Entitlement commodities		\$ 347,466	\$ -	\$ -	\$ -	\$ 347,466	\$ 347,466	\$ -
Bonus commodities		35,281	-	-	-	35,281	35,281	-
Noncash Assistance Subtotal		382,747	-	-	-	382,747	382,747	-
Cash Assistance:								
National School Breakfast Program (2011)	10.553	698,353	-	50,506	-	695,673	698,353	53,186
National School Lunch Program (2011)	10.555	2,817,237	-	178,567	-	2,816,766	2,817,237	179,038
Cash Assistance Subtotal		3,515,590	-	229,073	-	3,512,439	3,515,590	232,224
Total Child Nutrition Cluster		3,898,337	-	229,073	-	3,895,186	3,898,337	232,224
Medicaid Cluster -								
U.S. Department of Health and Human Services - Passed through the Macomb County ISD:								
Medicaid Administrative Outreach - 2010-2011	93.778	358,482	-	-	-	358,482	358,482	-
Medicaid Administrative Outreach - 2009-2010		263,066	263,066	263,066	-	263,066	-	-
Total Medicaid Cluster		621,548	263,066	263,066	-	621,548	358,482	-

Warren Consolidated 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 Revenue at July 1, 2010	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Clusters (Continued):								
Special Education Cluster -								
U.S. Department of Education:								
Passed through the Macomb County ISD - IDEA:								
Transition Grant Project number 2010-100450-0910	84.027	\$ 2,121,870	\$ 1,928,339	\$ 1,187,430	\$ (23,692)	\$ 1,380,961	\$ 217,223	\$ -
Transition Grant Project number 2011-110450-1011		<u>2,247,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688,864</u>	<u>2,139,018</u>	<u>1,450,154</u>
Total Transition Grant		4,369,773	1,928,339	1,187,430	(23,692)	2,069,825	2,356,241	1,450,154
Passed through the Macomb County ISD - ARRA - IDEA -								
Transition Grant Project number 2010-100455-0910	84.391	2,460,839	1,238,243	752,076	-	1,377,548	1,222,596	597,124
Handicapped Preschool Incentive:								
Project number 100460-0910	84.173	82,506	82,507	51,716	-	51,716	-	-
Project number 110460-1011		<u>80,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,713</u>	<u>80,407</u>	<u>42,694</u>
Total Preschool Incentive		162,913	82,507	51,716	-	89,429	80,407	42,694
ARRA - Handicapped Preschool Incentive -								
Project number 100465-0910	84.392	<u>88,507</u>	<u>56,488</u>	<u>37,436</u>	<u>-</u>	<u>69,455</u>	<u>32,019</u>	<u>-</u>
Total Special Education Cluster		7,082,032	3,305,577	2,028,658	(23,692)	3,606,257	3,691,263	2,089,972

Warren Consolidated 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 Revenue at July 1, 2010	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	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, Part A:	84.010							
Project number 101530 0910		\$ 2,786,233	\$ 2,423,158	\$ 1,612,875	\$ -	\$ 1,698,640	\$ 85,765	\$ -
Project number 111530 1011		2,789,657	-	-	-	966,734	2,171,123	1,204,389
Total Title I		5,575,890	2,423,158	1,612,875	-	2,665,374	2,256,888	1,204,389
ARRA - Title I Part A:	84.389							
Project number 101535 0910		1,653,814	877,359	573,293	-	617,660	44,367	-
Project number 111535 1011		732,088	-	-	-	-	434,334	434,334
Total ARRA - Title I Part A		2,385,902	877,359	573,293	-	617,660	478,701	434,334
Total Title I, Part A Cluster		7,961,792	3,300,517	2,186,168		3,283,034	2,735,589	1,638,723
Educational Technology State Grants Cluster:								
U.S. Department of Education -								
Passed through the Michigan Department of Education -								
Title II Part D - Technology - Project number 104290-0910	84.318	13,560	13,560	13,560	-	13,560	-	-

Warren Consolidated 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 Revenue at July 1, 2010	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Clusters (Continued):								
Educational Technology State Grants Cluster (Continued):								
ARRA - Title II Part D:	84.386A							
Project number 104295 0910		\$ 54,381	\$ 17,779	\$ 17,779	\$ (70)	\$ 17,709	\$ -	\$ -
Project number 114295 1011		36,672	-	-	-	-	27,172	27,172
Total ARRA - Title II Part D		91,053	17,779	17,779	(70)	17,709	27,172	27,172
Total Educational Technology State Grants Cluster		104,613	31,339	31,339	(70)	31,269	27,172	27,172
State Fiscal Stabilization Fund Cluster -								
U.S. Department of Education -								
Passed through the Michigan Department of Education -								
ARRA - State Fiscal Stabilization Fund - Project number 112525 1011	84.394	1,822,955	-	-	-	1,822,955	1,822,955	-
WIA Cluster -								
U.S. Department of Labor -								
Passed through the Macomb County ISD -								
WIA Youth Education Instructional Initiatives:	17.259							
Project - Macomb/St. Clair Workforce Development Board - 2010		364,443	16,893	13,573	-	13,573	-	-
Project - Macomb/St. Clair Workforce Development Board - 2011		56,078	-	-	-	34,790	39,325	4,535
Total WIA Cluster		420,521	16,893	13,573	-	48,363	39,325	4,535

Warren Consolidated 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 Revenue at July 1, 2010	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Other federal awards:								
U.S. Department of Education:								
Passed through the Michigan Department of Education:								
Direct Programs:								
Character Education - Learning for Life - Project number 2007R215S020105-06-0 607	84.215	\$ 713,791	\$ -	\$ (45,640)	\$ -	\$ -	\$ -	\$ (45,640)
Indian Education: Project number S060A090729	84.060	82,775	80,245	39,959	-	42,489	2,530	-
Project number S060A100729		<u>68,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,136</u>	<u>63,884</u>	<u>18,748</u>
Total Indian Education		151,593	80,245	39,959	-	87,625	66,414	18,748
Title II Part A - Improving Teacher Quality: Project number 100520/0910	84.367	563,766	447,187	254,598	-	284,907	30,309	-
Project number 110520/1011		<u>597,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,671</u>	<u>419,300</u>	<u>213,629</u>
Total Title II - Improving Teacher Quality		1,160,780	447,187	254,598	-	490,578	449,609	213,629
Title III - Limited English Proficient Students Grant: Project number 100580/0910	84.365A	397,915	187,288	187,288	-	212,834	25,546	-
Project number 110580/1011		<u>611,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,176</u>	<u>85,694</u>	<u>54,518</u>
Total Title III - Limited English Proficient Students Grant		1,009,154	187,288	187,288	-	244,010	111,240	54,518

Warren Consolidated 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 Revenue at July 1, 2010	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Other federal awards (Continued):								
U.S. Department of Education (Continued):								
Passed through the Michigan Department of Education (Continued):								
Title III - Immigrant Students Grant:								
	84.365A							
Project number 100570/0910		\$ 45,735	\$ 34,147	\$ 9	\$ (9)	\$ 140	\$ 140	\$ -
Project number 110570/1011		403,986	-	-	-	-	133,907	133,907
Total Title III - Immigrant Students Grant		449,721	34,147	9	(9)	140	134,047	133,907
Education Jobs Fund - Project number 112545 1011	84.410	1,756,920	-	-	-	1,756,920	1,756,920	-
Total noncluster programs passed through the Michigan Department of Education		4,376,575	668,622	441,895	(9)	2,491,648	2,451,816	402,054
Passed through the Macomb County ISD -								
Vocational Education - Basic Grants to States (Perkins II):								
	84.048							
Project number 103520-101216		115,544	115,544	115,544	-	115,544	-	-
Project number 113520-111216		127,044	-	-	-	-	125,431	125,431
Total Vocational Education - Basic Grants to States (Perkins II)		242,588	115,544	115,544	-	115,544	125,431	125,431

Warren Consolidated 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 Revenue at July 1, 2010	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Other federal awards (Continued):								
U.S. Department of Education (Continued):								
Passed through the Macomb County ISD (Continued):								
Adult Education - ABE:	84.002A							
Project number 101130 101198		\$ 200,000	\$ 197,907	\$ 197,907	\$ -	\$ 197,907	\$ -	\$ -
Project number 111130 111198		49,638	-	-	-	-	15,484	15,484
Project number 101120 105199		27,000	25,797	25,797	-	25,797	-	-
Project number 111120 115199		24,300	-	-	-	15,287	17,936	2,649
Total Adult Education - ABE		300,938	223,704	223,704	-	238,991	33,420	18,133
Safe and Drug-free Schools and Communities:	84.186							
Project number 082860-0708		27,614	-	(1,914)	-	-	-	(1,914)
Project number 102860-0910		45,521	20,450	20,450	-	20,450	-	-
Project number 112860-1011		3,497	-	-	-	3,497	8,497	5,000
Total Safe and Drug-free Schools and Communities		76,632	20,450	18,536	-	23,947	8,497	3,086
Total passed through the Macomb County ISD		620,158	359,698	357,784	-	378,482	167,348	146,650
Total U.S. Department of Education noncluster programs		5,862,117	1,108,565	793,998	(9)	2,957,755	2,685,578	521,812
Total federal awards		\$ 27,773,915	\$ 8,025,957	\$ 5,545,875	(23,771)	\$ 16,266,367	\$ 15,258,701	\$ 4,514,438

Warren Consolidated 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)	\$ 16,737,664
Less federal revenue deferred as June 30, 2010 in accordance with GASB No. 33; reported in June 30, 2011 financial statements	(12,008)
Less federal interest subsidy on Build America Bonds as of June 30, 2011	<u>(1,466,955)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 15,258,701</u>

Warren Consolidated 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 Warren Consolidated 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 Warren Consolidated Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Warren Consolidated Schools. Pass-through entity identifying numbers are presented where available.

Note 2 - Adjustments and Transfers

During the year ended June 30, 2011, there were repayments to granting agencies resulting from overpayment in prior years.

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 OMB Circular A-133.

Warren Consolidated 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
84.410	Education Jobs Fund
84.027, 84.391, 84.173, 84.392	Special Education Cluster
84.394	State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between type A and type B programs: \$457,761

Auditee qualified as low-risk auditee? Yes No

Warren Consolidated 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