

LANSING SCHOOL DISTRICT
ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2004

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Walter P. Maner, Jr. (1921-2004)
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Leon A. Ellis (1953-1988)

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Lansing School District
Lansing, Michigan

September 24, 2004

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lansing School District as of and for the year ended June 30, 2004, which collectively comprise Lansing School District's basic financial statements and have issued our report thereon dated September 24, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Lansing School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Lansing School District in a separate letter dated September 24, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lansing School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Education
Lansing School District

September 24, 2004

This report is intended solely for the information and use of the board of education, management and 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.

Mamay, Costenusa & Ellis, P.C.

Certified Public Accountants



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**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
Lansing School District
Lansing, Michigan

September 24, 2004

Compliance

We have audited the compliance of Lansing 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 are applicable to each of its major federal programs for the year ended June 30, 2004. Lansing School District's major federal programs are identified in the summary of auditors' 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 are the responsibility of Lansing School District's management. Our responsibility is to express an opinion on Lansing 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 Lansing School District's 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 of Lansing School District's compliance with those requirements.

In our opinion, Lansing School District 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, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 04-1.

Internal Control Over Compliance

The management of Lansing School District 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 Lansing 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Lansing School District as of and for the year ended June 30, 2004, and have issued our report thereon dated September 24, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

This report is intended solely for the information and use of the board of education, management and 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.



Certified Public Accountants

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal grantor/pass-through grantor/program title</u>	<u>District ID Number</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Approved Award Amount</u>	<u>(Memo only) Prior Year Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/03</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue 6/30/04</u>
U.S. DEPARTMENT OF AGRICULTURE:									
<u>Child Nutrition Cluster</u>									
Direct program:									
Summer Food Service	5994	10.559	----	\$ 199,374	\$ 31,353	\$ 31,353	\$ 78,751	\$ 110,104	\$
Summer Food Service	5995	10.559	----	197,867			60,151		60,151
				<u>397,241</u>	<u>31,353</u>	<u>31,353</u>	<u>138,902</u>	<u>110,104</u>	<u>60,151</u>
Passed through Michigan Department of Education:									
National School Lunch - Section 4	N/A	10.555	031950	50,550	313,745	52,269	50,550	102,819	
National School Lunch - Section 11	N/A	10.555	031960	33,597	2,118,309	357,000	333,597	690,597	
National School Lunch - Snack	N/A	10.555	031980	4,933	35,285	4,249	4,933	9,182	
Fruit and Vegetable Pilot Program	5893	10.555	030950	207,500	207,500	38,620		38,620	
National School Lunch - Section 4	N/A	10.555	041950	310,110			310,110	295,019	15,091
National School Lunch - Section 11	N/A	10.555	041690	2,055,432			2,055,431	1,999,641	55,790
National School Lunch - Snack	N/A	10.555	041980	34,590			34,590	34,554	36
				<u>2,696,712</u>	<u>2,674,839</u>	<u>452,138</u>	<u>2,789,211</u>	<u>3,170,432</u>	<u>70,917</u>
National School Lunch - Breakfast	N/A	10.553	031970	98,535	617,819	114,338	98,535	212,873	
National School Lunch - Breakfast	N/A	10.553	041970	654,261			654,261	631,507	22,754
				<u>752,796</u>	<u>617,819</u>	<u>114,338</u>	<u>752,796</u>	<u>844,380</u>	<u>22,754</u>
TOTAL CHILD NUTRITION CLUSTER				<u>3,846,749</u>	<u>3,324,011</u>	<u>597,829</u>	<u>3,680,909</u>	<u>4,124,916</u>	<u>153,822</u>
National School Lunch - Commodity Entitlement	N/A	10.550	----	265,050	334,156		265,050	265,050	
National School Lunch - Commodity Bonus	N/A	10.550	----	20,773	42,902		20,773	20,773	
				<u>285,823</u>	<u>377,058</u>		<u>285,823</u>	<u>285,823</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>4,132,572</u>	<u>3,701,069</u>	<u>597,829</u>	<u>3,966,732</u>	<u>4,410,739</u>	<u>153,822</u>
U.S. DEPARTMENT OF EDUCATION:									
Direct programs:									
Impact Aid	1364	84.041	----	19,364			19,364	19,364	
Indian Education	1304	84.060A	S060A020962	61,687			61,687	61,687	
Magnet Schools	1503	84.165	S165A010058	1,784,167	1,762,563	185,885		185,885	
Magnet Schools - Carryover	1513	84.165	S165A010058	324,208	324,208	82,817		82,817	
Magnet Schools - Carryover	1514	84.165	S165A010058	259,400			259,400	115,672	143,728
Magnet Schools	1504	84.165	S165A010058	2,305,298			1,854,587	1,774,027	80,560
				<u>4,673,073</u>	<u>2,086,771</u>	<u>268,702</u>	<u>2,113,987</u>	<u>2,158,401</u>	<u>224,288</u>
Safe & Healthy Schools - Carryover	1413	84.184L	S184L990295	597,811	530,270	107,957	50,607	158,564	
Foreign Language	1523	84.294A	T294A020137	35,538	18,356	8,779	3,181	11,960	

The accompanying notes are an integral part of this schedule

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal grantor/pass-through grantor/program title</u>	<u>District ID Number</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Approved Award Amount</u>	<u>(Memo only) Prior Year Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/03</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue 6/30/04</u>
U.S. DEPARTMENT OF EDUCATION (Continued):									
21st Century Learning	1373	84.287A	S287A000665-02	\$ 723,566	\$ 669,028	\$ (5,404)	\$ -	\$ (5,404)	\$ -
21st Century Teen	1423	84.287A	S287A010855-02	715,973	651,783	(22,619)		(22,619)	
21st Century Teen	1424	84.287A	S287A010855-03	493,494	25,624	25,624	467,870	456,369	37,125
21st Century Teen - Carryover	1453	84.287A	S287A010855-02	353,115	353,115	67,773		67,773	
21st Century Teen - Carryover	1454	84.287A	S287A010855-03	151,403			151,403	159,657	(8,254)
22nd Century Teen - Carryover	1455	84.287A	S287A010855-04	382,414			4,419		4,419
21st Century Learning - Carryover	1473	84.287A	S287A000665-02	218,532	218,532	39,638		39,638	
21st Century Learning - Carryover	1474	84.287A	S287A000665-03	351,277	2,644	2,644	324,414	327,058	
				3,389,774	1,920,726	107,656	948,106	1,022,472	33,290
Reading is Fundamental	1483	84.357	MI012Z	43,452	43,452				
Reading is Fundamental	1484	84.357	MI012	45,666			45,666	45,666	
				89,118	43,452		45,666	45,666	
Passed through Michigan Department of Education:									
ABE English Literacy/Civics	1083	84.002	0311202003500562	40,360	40,360	6,274		6,274	
ABE English Literacy/Civics	1084	84.002	031120/4500563	25,245			25,245	25,245	
ABE Sec 306	4063	84.002	031130311053	250,200	250,200	88,703		88,703	
ABE Sec 306	4064	84.002	041130/411054	250,200			250,200	199,358	50,842
				566,005	290,560	94,977	275,445	319,580	50,842
ECIA Title I - Regular	1003	84.010	0315300203	7,679,059	7,440,560	982,350	238,499	1,220,849	
ECIA Title I - Regular	1004	84.010	041530/0304	8,311,386			6,459,430	5,941,206	518,224
ECIA Title I - Carryover	1013	84.010	0215300203	557,852	557,852	87,366		87,366	
ECIA Title I - Carryover	1014	84.010	031530/0304	709,021			709,021	584,323	124,698
ECIA Title I - N & D	1023	84.010	0317000203	33,685	21,642	6,208	12,043	18,251	
ECIA Title I - N & D	1024	84.010	041700/0304	65,979			39,629	27,662	11,967
ECIA Title I - N & D - Carryover	1033	84.010	0217000203	20,893	20,893	6,818		6,818	
ECIA Title I - N & D - Carryover	1034	84.010	031700/0304	22,450			22,450	20,850	1,600
				17,400,325	8,040,947	1,082,742	7,481,072	7,907,325	656,489
Drug Free Schools	4003	84.186	0328600203	108,483	108,483	23,332		23,332	
Drug Free Schools	4004	84.186	042860/0304	201,122			178,129	151,673	26,456
Drug Free Schools - Carryover	4013	84.186	0228600203	9,390	9,390	1,702		1,702	
Drug Free Schools - Carryover	4014	84.186	032860/0304	42,972			42,972	25,957	17,015
Drug Free Schools Supplemental - Carryover	4033	84.186	022850DSF014050	29,715	29,715	15,597		15,597	
				391,682	147,588	40,631	221,101	218,261	43,471
Eisenhower Math/Science	4053	84.281	0202700203	5,266	5,266	647		647	
ECIA Title V - Regular	1143	84.298	0302500203	61,988	61,805	21,382	183	21,565	
ECIA Title V - Regular	1144	84.298	040250/0304	170,244			73,796	97,983	(24,187)
ECIA Title V - Carryover	1154	84.298	030250/0304	147,685			147,685	107,501	40,184
ECIA Title VI - Carryover	1213	84.298	0202500203	106,816	106,816	92,564		92,564	
				486,733	168,621	113,946	221,664	319,613	15,997

The accompanying notes are an integral part of this schedule

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal grantor/pass-through grantor/program title</u>	<u>District ID Number</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Approved Award Amount</u>	<u>(Memo only) Prior Year Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/03</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue 6/30/04</u>
U.S. DEPARTMENT OF EDUCATION (Continued):									
Education Technology - Formula Grants	1263	84.318	0342900203	\$ 210,952	\$ 108,724	\$ 62,831	\$ 102,229	\$ 165,060	\$ -
Education Technology - Formula Grants	1264	84.318	0442900301	200,909			167,179	154,082	13,097
Learning Without Limits	4343	84.318	1XLWLDEMO	411,469	504,848	146,717	263,936	410,653	
Title IID Technology C/O	1274	84.318	0342900203	31,067			31,067	31,067	
				854,397	613,572	209,548	564,411	760,862	13,097
Class Size Reduction - Carryover	1063	84.340	0214500203	610,776	610,776	191,068		191,068	
Title I School Improvement Funds (Accountability Grant)	1243	84.348	021500/021500	183,941	145,969	145,969	37,972	183,941	
School Renovation, IDEA & Tech Program	4303	84.352	0224101	157,518	157,388	19,176		19,176	
School Renovation, IDEA & Tech Program	4323	84.352	0224102B	93,670	93,670	3,913		3,913	
School Renovation, IDEA & Tech Program	4333	84.352	0224102A	100,000	100,000	11,608		11,608	
				351,188	351,058	34,697		34,697	
Reading First Facilitator	4384	84.357	032920/020302	95,002			91,634	74,602	17,032
Reading First C/O	4374	84.357	032930/020301	10,266			10,266	1,102	9,164
Reading First	4364	84.357	032920/030401	1,700,250	5,164	5,164	1,695,086	1,542,938	157,312
				1,805,518	5,164	5,164	1,796,986	1,618,642	183,508
Title III English Language Acquisition	1124	84.365	040580/0304	131,538			129,422	131,538	(2,116)
Title III English Language Acquisition C/O	1134	84.365	030580/0304	113,225			113,225	95,740	17,485
				244,763			242,647	227,278	15,369
Title IIA, Improving Teacher Quality	1093	84.367	0305200203	1,982,708	1,982,708	263,205		263,205	
Title IIA, Improving Teacher Quality	1094	84.367	040520/0304	1,945,417			1,568,201	1,419,657	148,544
				3,928,125	1,982,708	263,205	1,568,201	1,682,862	148,544
Comprehensive School Reform Demonstration	4273	84.332	0218700203	396,190	384,798	18,067	11,392	29,459	
Comprehensive School Reform Demonstration	4274	84.332	031870/0304	568,985			327,593	317,562	10,031
				965,175	384,798	18,067	338,985	347,021	10,031
Reading First	4394	93.938	SHI0304	392			392	392	
Special Education Cluster									
Passed through Ingham Intermediate School District:									
IDEA Flowthrough A	2203	84.027	030450/0203	4,600,000	4,600,000	807,463		807,463	
IDEA Flowthrough A	2204	84.027	040450/0304	5,889,449			5,889,459	4,716,694	1,172,765
IDEA Flowthrough B	2213	84.027	020450/0102C	558,377	558,377	129,665		129,665	
IDEA Flowthrough B	2214	84.027	030450/0203C	669,874			669,874	547,252	122,622
				11,717,700	5,158,377	937,128	6,559,333	6,201,074	1,295,387

The accompanying notes are an integral part of this schedule

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal grantor/pass-through grantor/program title</u>	<u>District ID Number</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Approved Award Amount</u>	<u>(Memo only) Prior Year Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/03</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue 6/30/04</u>
U.S. DEPARTMENT OF EDUCATION (Concluded):									
Special Education Cluster (Concluded):									
IDEA Pre-school Development A	2103	84.173A	030460-24	\$ 180,554	\$ 180,332	\$ 21,195	\$ -	\$ 21,195	\$ -
IDEA Pre-school Development A	2104	84.173A	040460/0304	187,529			187,529	155,676	31,853
IDEA Pre-school Development B	2153	84.173A	02046024	14,641	14,641	694		694	
IDEA Pre-school Development B	2154	84.173A	040460/0304	6,925			6,925	6,925	
				<u>389,649</u>	<u>194,973</u>	<u>21,889</u>	<u>194,454</u>	<u>184,490</u>	<u>31,853</u>
Special Education Transition	2183	84.027A	030490-24TS	3,500	3,028	1,781		1,781	
Special Education Transition	2184	84.027A	030490/0203	5,600			5,600		5,600
				<u>9,100</u>	<u>3,028</u>	<u>1,781</u>	<u>5,600</u>	<u>1,781</u>	<u>5,600</u>
Total Special Education Cluster				<u>12,116,449</u>	<u>5,356,378</u>	<u>960,798</u>	<u>6,759,387</u>	<u>6,387,345</u>	<u>1,332,840</u>
Passed through Clinton County RESA:									
Voc Ed Special Needs	4073	84.048A	--	422,742	422,742	76,130		76,130	
Voc Ed Special Needs	4074	84.048A	--	395,628			395,628	309,422	86,206
				<u>818,370</u>	<u>422,742</u>	<u>76,130</u>	<u>395,628</u>	<u>385,552</u>	<u>86,206</u>
Passed through Potterville Public Schools									
Education for Homeless Children and Youth	4404	84.196A	043220/0304	8,000			8,000		8,000
Passed through Armada Area Schools:									
21st Century Learning	4152	84.287A	S5287A001168	85,128	(4,500)				
21st Century Learning	4153	84.287A	S5287A001168	87,341	62,574	41,537		41,537	
21st Century Learning	4214	84.287A	S5287A001168	3,763			3,763	3,763	
				<u>176,232</u>	<u>58,074</u>	<u>41,537</u>	<u>3,763</u>	<u>45,300</u>	
Passed through Michigan Public Service Commission:									
Learn and Serve	4283	94-004	30600/36273	8,000	501	367		367	
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>49,787,702</u>	<u>23,184,297</u>	<u>3,772,587</u>	<u>23,158,252</u>	<u>24,108,867</u>	<u>2,821,972</u>
NATIONAL SCIENCE FOUNDATION:									
Passed through Michigan State University:									
Devel Leadership & Support for Urban Science Teaching	1443	47.076	ESI0138945	53,272	53,187	53,187		53,187	
Devel Leadership & Support for Urban Science Teaching	1444	47.076	ESI0138945	117,352			45,706	26,143	19,563
Devel Leadership & Support for Urban Science Teaching C/O	1464	47.076	ESI0138945	44,000			41,237	7,884	33,353
				<u>214,624</u>	<u>53,187</u>	<u>53,187</u>	<u>86,943</u>	<u>87,214</u>	<u>52,916</u>
Mathematics Assessment	0163	47.076	ESI0137861	45,045	44,403	18,702		18,702	
Mathematics Assessment	0164	47.076	ESI0137861	46,396			48,524	23,379	25,145
				<u>91,441</u>	<u>44,403</u>	<u>18,702</u>	<u>48,524</u>	<u>42,081</u>	<u>25,145</u>
TOTAL NATIONAL SCIENCE FOUNDATION				<u>306,065</u>	<u>97,590</u>	<u>71,889</u>	<u>135,467</u>	<u>129,295</u>	<u>78,061</u>

The accompanying notes are an integral part of this schedule

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal grantor/pass-through grantor/program title</u>	<u>District ID Number</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Approved Award Amount</u>	<u>(Memo only) Prior Year Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/03</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue 6/30/04</u>
U.S. DEPARTMENT OF LABOR:									
WIA Program Cluster:									
Passed through Capital Area Michigan Works:									
WIA Out of School	1393	17.255	----	\$ 116,859	\$ 115,271	\$ 11,515	\$ -	\$ 11,515	\$ -
WIA Out of School	1394	17.255	----	98,554			97,047	78,662	18,385
WIA In School Youth	1403	17.255	----	116,858	116,298	12,292		12,292	
WIA In School Youth	1404	17.255	----	116,554			109,592	94,941	14,651
				<u>448,825</u>	<u>231,569</u>	<u>23,807</u>	<u>206,639</u>	<u>197,410</u>	<u>33,036</u>
TOTAL U.S. DEPARTMENT OF LABOR				<u>448,825</u>	<u>231,569</u>	<u>23,807</u>	<u>206,639</u>	<u>197,410</u>	<u>33,036</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 54,675,164</u>	<u>\$ 27,214,525</u>	<u>\$ 4,466,112</u>	<u>\$ 27,467,090</u>	<u>\$ 28,846,311</u>	<u>\$ 3,086,891</u>

The accompanying notes are an integral part of this schedule

**LANSING SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

NOTES:

1. Basis of presentation - The accompanying schedule of expenditures of federal awards includes the grant activity of Lansing School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133 and reconciles with the amounts presented in the preparation of the financial statements.
2. 21st Century, CFDA #84.287, the National School Lunch Cluster, CFDA #10.553, #10.555, and #10.559, Reading First, CFDA #84.357, and Educational Technology #84.318 were audited as major programs.
3. The threshold for distinguishing Type A and Type B programs was \$824,013.
4. Management has utilized the Grant Section Auditor's Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.
5. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 23,500,360
Nonmajor funds	3,966,730
	3,966,730
Total federal financial assistance	\$ 27,467,090

6. Program clusters contained within the schedule are as follows:
Child Nutrition Cluster consists of CFDA #10.553, #10.555, and #10.559.
Special Education Cluster consists of CFDA #84.027 and #84.173.

**LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) 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
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? X Yes _____ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.287	21 st Century
10.553, 10.555, and 10.559	National School Lunch
84.357	Reading First
84.318	Educational Technology

Dollar threshold used to distinguish between type A and type B programs: \$824,013

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

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

See page 12

**LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

Federal award finding and questioned costs

Finding 04-1

Statement of Condition

Lansing School District was not offering 21st Century CFDA #84.287, Reading First CFDA #84.357, or Educational Technology CFDA #84.318 federal grant money to private schools as required.

Criteria

Lansing School District is required to follow specific requirements in notifying private schools of the opportunity to participate in the grant program.

Effect of Conditions

Because of the violation, The funding sources of the grants could request repayment of some of the grant funds that could have been applied to private schools had they been notified of the opportunity to participate.

Cause of Condition

The District's compliance department was unaware that these grants were required to be offered to private schools.

Questioned Costs

Not determinable.

Recommendation

We recommend Lansing School District establish improved controls for reviewing the federal compliance supplements related to the grants, and verify which of the fourteen compliance areas relate to each grant.

**LANSING SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDING JUNE 30, 2004**

No prior year audit findings.



**LANSING SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING JUNE 30, 2004**

U.S. Department of Education:

Lansing School District respectfully submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm:
Maner, Costerisan, & Ellis, P.C.
544 Cherbourg Drive, Suite 200
Lansing, Michigan 48917

Audit Period: For the year ended June 30, 2004

The finding from the June 30, 2004 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Federal award program audit finding

U.S. Department of Education:

Finding 04-1

Recommendation

We recommend Lansing School District establish improved controls for reviewing the federal compliance supplements related to the grants, and verify which of the fourteen compliance areas relate to each grant.

Action Taken

For the 2004/2005 school year, Lansing School District has reviewed which federal programs are required to be offered to private schools, and has added all of those programs to the letter they send annually to the private schools asking them if they want to participate.

Lansing School District Contact Person: Linda Kent