

LANSING SCHOOL DISTRICT
ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2005

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**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
Lansing School District
Lansing, Michigan

September 23, 2005

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, 2005, which collectively comprise Lansing School District's basic financial statements and have issued our report thereon dated September 23, 2005. 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 Lansing School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 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*.

To the Board of Education
Lansing School District
Lansing, Michigan

September 23, 2005

We noted certain immaterial instances of noncompliance or other matters that we have reported to management of Lansing School District in a separate letter dated September 23, 2005.

This report is intended solely for the information and use of the board of education and 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, Costenaro & 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 23, 2005

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, 2005. 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, 2005.

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 reportable 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 caused by error or fraud 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for Lansing School District as of and for the year ended June 30, 2005, and have issued our report thereon dated September 23, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Lansing School District's basic financial statements. The accompanying schedule 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 presented, 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, 2005**

<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 6/30/04</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue 6/30/05</u>
U.S. DEPARTMENT OF AGRICULTURE:									
<u>Child Nutrition Cluster</u>									
Passed through Michigan Department of Education:									
National School Lunch - Section 4	N/A	10.555	041950	\$ 348,903	\$ 310,110	\$ 15,091	\$ 38,793	\$ 53,884	\$
National School Lunch - Section 11	N/A	10.555	041690	2,370,875	2,055,431	55,790	315,444	371,234	
National School Lunch - Snack	N/A	10.555	041980	36,730	34,590	36	2,140	2,176	
Fruit and Vegetable Pilot Program	5895	10.555	050950	169,677			60,410	8,138	52,272
National School Lunch - Section 4	N/A	10.555	051950	316,331			316,331	303,134	13,197
National School Lunch - Section 11	N/A	10.555	051960	2,737,631			2,237,631	2,142,605	95,026
National School Lunch - Snack	N/A	10.555	051980	31,964			31,964	31,717	247
Summer Food Service	5995	10.559	040900	197,867.00	60,151	60,151	46,027	106,178	
Summer Food Service	5996	10.559	050900	197,867			37,923		37,923
				<u>6,407,845</u>	<u>2,460,282</u>	<u>131,068</u>	<u>3,086,663</u>	<u>3,019,066</u>	<u>198,665</u>
National School Lunch - Breakfast	N/A	10.553	041970	111,968	654,261	22,754	89,215	111,969	
National School Lunch - Breakfast	N/A	10.553	051970	723,191			723,191	687,823	35,368
				<u>835,159</u>	<u>654,261</u>	<u>22,754</u>	<u>812,406</u>	<u>799,792</u>	<u>35,368</u>
TOTAL CHILD NUTRITION CLUSTER				<u>7,243,004</u>	<u>3,114,543</u>	<u>153,822</u>	<u>3,899,069</u>	<u>3,818,858</u>	<u>234,033</u>
National School Lunch - Commodity Entitlement	N/A	10.550	----	211,776	265,050		211,776	211,776	
National School Lunch - Commodity Bonus	N/A	10.550	----	32,035	20,773		32,034	32,034	
				<u>243,811</u>	<u>285,823</u>		<u>243,810</u>	<u>243,810</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>7,486,815</u>	<u>3,400,366</u>	<u>153,822</u>	<u>4,142,879</u>	<u>4,062,668</u>	<u>234,033</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, 2005**

Federal grantor/pass-through grantor/program title	District ID Number	Federal CFDA Number	Pass-through Grantor's Number	Approved Award Amount	(Memo only) Prior Year Expenditures	Accrued (Deferred) Revenue 6/30/04	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue 6/30/05
U.S. DEPARTMENT OF EDUCATION									
Direct programs:									
Impact Aid	1365	84.041	-----	\$ 19,883	\$	\$	19,883	\$ 19,883	\$
Indian Education	1305	84.060A	B060A040962	62,276			66,373	50,649	15,724
Magnet Schools	1504	84.165	S165A010058	1,854,587	1,854,587	80,560		80,560	
Magnet Schools - Carryover	1514	84.165	S165A010058	259,400	259,400	143,728		143,728	
Magnet Schools	1515	84.165	S165A010058	450,711			450,711	440,609	10,102
				2,564,698	2,113,987	224,288	450,711	664,897	10,102
Help One Student Succeed	1345	84.215	U215K040189	196,832			195,708	163,199	32,509
Smaller Learning Communities	1535	84.215	V215L042256	366,665			242,901	146,667	96,234
21st Century Teen	1424	84.287A	S287A010855-03	493,494	467,870	37,125		37,125	
21st Century Teen - Carryover	1454	84.287A	S287A010855-03	151,403	151,403	(8,254)		(8,254)	
21st Century Teen - Carryover	1455	84.287A	S287A010855-04	382,414	4,419	4,419	372,192	295,925	80,686
				1,027,311	623,692	33,290	372,192	324,796	80,686
Passed through Michigan Department of Education:									
ABE English Literacy/Civics	1085	84.002	051120/5500564	25,245			25,245	4,159	21,086
ABE Sec 306	4064	84.002	041130/411054	250,200	250,200	50,842		50,842	
ABE Sec 306	4065	84.002	051130/511055	250,200			250,200	197,478	52,722
				525,645	250,200	50,842	275,445	252,479	73,808

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Federal grantor/pass-through grantor/program title	District ID Number	Federal CFDA Number	Pass-through Grantor's Number	Approved Award Amount	(Memo only) Prior Year Expenditures	Accrued (Deferred) Revenue 6/30/04	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue 6/30/05
U.S. DEPARTMENT OF EDUCATION (Continued):									
Passed through Michigan Department of Education (Continued):									
ECIA Title I - Regular	1004	84.010	041530/0304	\$ 6,663,530	\$ 6,459,430	\$ 518,224	\$ 204,099	\$ 722,323	\$
ECIA Title I - Regular	1005	84.010	041530/0304	7,457,065			6,598,509	6,083,111	515,398
ECIA Title I - Carryover	1014	84.010	031530/0304	709,021	709,021	124,698		124,698	
ECIA Title I - Carryover	1015	84.010	04530/0405	1,647,856			1,647,856		1,647,856
ECIA Title I - N & D	1024	84.010	041700/0304	60,899	39,629	11,967	21,269	33,236	
ECIA Title I - N & D	1025	84.010	051700/0405	72,809			41,678	26,241	15,437
ECIA Title I - N & D - Carryover	1034	84.010	031700/0304	22,450	22,450	1,600		1,600	
ECIA Title I - N & D - Carryover	1035	84.010	041700/0405	7,167			6,353		6,353
				16,640,797	7,230,530	656,489	8,519,764	6,991,209	2,185,044
Drug Free Schools	4004	84.186	042860/0304	178,129	178,129	26,456		26,456	
Drug Free Schools	4005	84.186	052860/0405	198,122			193,224	175,514	17,710
Drug Free Schools - Carryover	4014	84.186	032860/0304	42,972	42,972	17,015		17,015	
Drug Free Schools - Carryover	4015	84.186	042860/0405	22,993			22,993	9,357	13,636
				442,216	221,101	43,471	216,217	228,342	31,346
ECIA Title V - Regular	1144	84.298	040250/0304	75,620	73,796	(24,187)	1,824	(22,363)	
ECIA Title V - Regular	1145	84.298	050250/0405	136,300			35,186	65,958	(30,772)
ECIA Title V - Carryover	1154	84.298	030250/0304	94,624	147,685	40,184		40,184	
ECIA Title V - Carryover	1155	84.298	040250/0405	94,624			94,624		94,624
				401,168	221,481	15,997	131,634	83,779	63,852
Title IID Technology	1264	84.318	0442900301	170,352	167,179	13,097	3,173	16,270	
Title IID Technology	1265	84.318	054290/0405	203,019			113,594	6,987	106,607
Title IID Technology C/O	1275	84.318	044290/0405	30,557			30,557		30,557
Learning Without Limits	4344	84.318	034280-2	459,500			459,500	459,500	
Learning Without Limits	4345	84.318	044280-2	638,700			623,048	618,970	4,078
				1,502,128	167,179	13,097	1,229,872	1,101,727	141,242

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, 2005**

Federal grantor/pass-through grantor/program title	District ID Number	Federal CFDA Number	Pass-through Grantor's Number	Approved Award Amount	(Memo only) Prior Year Expenditures	Accrued (Deferred) Revenue 6/30/04	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue 6/30/05
U.S. DEPARTMENT OF EDUCATION (Continued):									
Passed through Michigan Department of Education (Continued):									
Reading First Facilitator	4384	84.357	032920/020302	\$ 91,634	\$ 91,634	\$ 17,032	\$	\$ 17,032	\$
Reading First Facilitator	4385	84.357	052920/020303	104,937			104,937	88,289	16,648
Reading First	4364	84.357	032920/030401	1,700,250	1,695,086	157,312		157,312	
Reading First	4365	84.357	042930/030402	1,470,481			1,470,481	1,310,122	160,359
Reading Frist C/O	4374	84.357	032930/020301	10,266	10,266	9,164		9,164	
				<u>3,377,568</u>	<u>1,796,986</u>	<u>183,508</u>	<u>1,575,418</u>	<u>1,581,919</u>	<u>177,007</u>
Title III English Language Acquisition	1124	84.365	040580/0304	129,430	129,422	(2,116)	8	(2,108)	
Title III English Language Acquisition	1125	84.365	050580/0405	160,733			140,090	143,636	(3,546)
Title III English Language Acquisition C/O	1134	84.365	030580/0304	113,225	113,225	17,485		17,485	
Title III English Language Acquisition C/O	1135	84.365	040580/0405	27,400			27,400		27,400
				<u>430,788</u>	<u>242,647</u>	<u>15,369</u>	<u>167,498</u>	<u>159,013</u>	<u>23,854</u>
Title IIA, Improving Teacher Quality	1094	84.367	040520/0304	1,604,389	1,568,201	148,544	36,189	184,733	
Title IIA, Improving Teacher Quality	1095	84.367	050520/0405	1,924,558			1,924,558	1,348,991	575,567
Title IIA, Improving Teacher Quality C/O	1115	84.367	040520/0405	341,028			341,026		341,026
				<u>3,869,975</u>	<u>1,568,201</u>	<u>148,544</u>	<u>2,301,773</u>	<u>1,533,724</u>	<u>916,593</u>
Comprehensive School Reform Demonstration	4274	84.332	031870/0304	568,985	327,593	10,031	241,393	251,424	
Comprehensive School Reform Demonstration	4275	84.332	041870/0405	581,553			373,051	288,435	84,616
				<u>1,150,538</u>	<u>327,593</u>	<u>10,031</u>	<u>614,444</u>	<u>539,859</u>	<u>84,616</u>

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Federal grantor/pass-through grantor/program title	District ID Number	Federal CFDA Number	Pass-through Grantor's Number	Approved Award Amount	(Memo only) Prior Year Expenditures	Accrued (Deferred) Revenue 6/30/04	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue 6/30/05
U.S. DEPARTMENT OF EDUCATION (Continued):									
<u>Special Education Cluster</u>									
Passed through Ingham Intermediate School District:									
IDEA Flowthrough A	2204	84.027	040450/0304	\$ 5,889,449	\$ 5,889,459	\$ 1,172,765	\$	\$ 1,172,765	\$
IDEA Flowthrough A	2205	84.027	050450/0405	7,250,000			7,250,000	5,940,797	1,309,203
IDEA Flowthrough B	2214	84.027	030450/0203C	669,874	669,874	122,622		122,622	
IDEA Flowthrough B	2215	84.027	040450/0405	595,686			595,686	489,223	106,463
Capacity Building Grant	2125	84.027	050490	796				756	(756)
				14,405,805	6,559,333	1,295,387	7,845,686	7,726,163	1,414,910
IDEA Pre-school Development A	2104	84.173A	040460/0304	187,529	187,529	31,853		31,853	
IDEA Pre-school Development A	2105	84.173A		172,534			172,534	153,867	18,667
				360,063	187,529	31,853	172,534	185,720	18,667
Special Education Transition	2184	84.027A	030490/0203	5,600	5,600	5,600	(5,600)		
TOTAL SPECIAL EDUCATION CLUSTER				14,771,468	6,752,462	1,332,840	8,012,620	7,911,883	1,433,577
Passed through Clinton County RESA:									
Voc Ed Special Needs	4074	84.048A	--	395,628	395,628	86,206		86,206	
Voc Ed Special Needs	4075	84.048A	--	394,017			394,136	250,077	144,059
				789,645	395,628	86,206	394,136	336,283	144,059
Passed through Potterville Public Schools									
Education for Homeless Children and Youth	4404	84.196A	043220/0304	8,000	8,000	8,000		8,000	
Education for Homeless Children and Youth	4405	84.196A	043220/0405	11,250			11,250		11,250
				19,250	8,000	8,000	11,250	8,000	11,250
Passed through Reading is Fundamental									
Reading is Fundamental	1485	81.000	MI012	45,671			45,671	45,671	
Passed through Lansing Community College									
Technical Preparation	4085	84.243A	--	23,750			11,691	3,990	7,701
TOTAL U.S. DEPARTMENT OF EDUCATION				48,228,272	21,919,687	2,821,972	24,855,201	22,147,969	5,529,204

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, 2005**

<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 6/30/04</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue 6/30/05</u>
<u>Department of Energy</u>									
Passed through Michigan Department of Energy									
Solar Energy	6275	81.041		\$ 6,000	\$	\$	\$ 6,000	\$ 6,000	\$
<u>Department of Public Health</u>									
Passed through Michigan State University									
Nursing Model	1555	93.778	5XX05MI5048	72,370			64,321	41,905	22,416
<u>Homeland Security Department</u>									
Passed through Michigan Department of State Police									
Homeland Security	1335	97.004	2003MUT300128	70,192			70,192	70,192	
<u>National Science Foundation:</u>									
Passed through Michigan State University:									
Devel Leadership & Support for Urban Science Teaching	1444	47.076	ESI0138945	117,352	45,706	19,563		7,636	11,927
Devel Leadership & Support for Urban Science Teaching	1445	47.076		118,743			118,743		118,743
Devel Leadership & Support for Urban Science Teaching C/O	1464	47.076	ESI0138945	44,000	41,237	33,353		2,272	31,081
				280,095	86,943	52,916	118,743	9,908	161,751
Mathematics Assessment	0164	47.076	ESI0137861	46,396	48,524	25,145		25,145	
Mathematics Assessment	0165	47.076		102,475			99,725	39,834	59,891
				148,871	48,524	25,145	99,725	64,979	59,891
<u>U.S. Department of Labor:</u>									
<u>WIA Program Cluster</u>									
Passed through Capital Area Michigan Works:									
WIA Out of School	1394	17.255	----	98,554	97,047	18,385		18,385	
WIA Out of School	1395	17.255	----	100,968			94,707	79,408	15,299
WIA In School Youth	1404	17.255	----	116,554	109,592	14,651		14,651	
WIA In School Youth	1405	17.255	----	114,140			114,140	97,131	17,009
WIA In School Youth	3135	17.255	----	124,797			124,797	110,580	14,217
WIA In School Youth	3145	17.255	----	39,303			39,303	25,502	13,801
				594,316	206,639	33,036	372,947	345,657	60,326
TOTAL U.S. DEPARTMENT OF LABOR				594,316	206,639	33,036	372,947	345,657	60,326
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 56,886,931	\$ 25,662,159	\$ 3,086,891	\$ 29,730,008	\$ 26,749,278	\$ 6,067,621

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, 2005**

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. Title I, CFDA #84.010, the Special Education Cluster, CFDA #84.027 and #84.173, and Educational Technology #84.318 were audited as major programs.
3. The threshold for distinguishing Type A and Type B programs was \$891,900.
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	\$ 25,587,129
Nonmajor funds	4,142,879
	4,142,879
Total federal financial assistance	\$ 29,730,008
	29,730,008

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, 2005**

Section I - Summary of Auditors' Report

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? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.027 and 84.173	Special Education Cluster
84.318	Title IID Technology

Dollar threshold used to distinguish between type A and type B programs: \$891,900

Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**LANSING SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDING JUNE 30, 2005**

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 recommended 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.

Current Status

The recommendation was adopted during the current fiscal year, and no similar findings were noted in the June 30, 2005 audit.