

LANSING SCHOOL DISTRICT
ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2007

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Floyd L. Costerisan
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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

October 11, 2007

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, 2007, which collectively comprise Lansing School District's basic financial statements and have issued our report thereon dated October 11, 2007. 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 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 Lansing School Districts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lansing School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as 2007-1, 2007-2, and 2007-3 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

October 11, 2007

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are 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*.

We noted certain matters that we reported to management of Lansing School District in a separate letter dated October 11, 2007.

Lansing School District's response to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit Lansing School District's response and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Mamer, Costenizer & Ellis, P.C." The signature is written in a cursive style with a large initial 'M' and a distinct 'E'.

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

October 11, 2007

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 its major federal programs for the year ended June 30, 2007. Lansing School District's major federal programs 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 its major federal programs is the responsibility of Lansing School District's management. Our responsibility is to express an opinion on Lansing School Districts' 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, 2007. 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 2007-4.



Internal Control Over Compliance

The management of Lansing School District is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the Lansing School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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 of Lansing School District as of and for the year ended June 30, 2007, and have issued our report thereon dated October 11, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Lansing School District's basic financial statements. 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.

Lansing School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Lansing School District's response and, accordingly, we express no opinion on it.

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.

Mayer, Costenaro & Ellis, P.C.

Certified Public Accountants

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<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 6/30/2006</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2007</u>
<u>U.S. Department of Agriculture:</u>									
<u>Child Nutrition Cluster</u>									
Passed through Michigan Department of Education:									
National School Lunch - Section 4	N/A	10.555	061950	\$ 345,478	\$ 302,456	\$ 9,131	\$ 43,022	\$ 52,153	\$
National School Lunch - Section 11	N/A	10.555	061690	2,564,656	2,262,311	66,689	302,345	369,034	
National School Lunch - Snack	N/A	10.555	061980	14,843	12,557	32	2,286	2,318	
Fruit and Vegetable Pilot Program	5895	10.555	050950	169,677	63,826	(269)	(498)	(767)	
Fruit and Vegetable Pilot Program	5896	10.555	060950	34,973	23,291	23,291		23,291	
Fruit and Vegetable Program	5897	10.555	07090/5148	34,521			34,521	27,760	6,761
National School Lunch - Section 4	N/A	10.555	071950	350,143			350,143	292,225	57,918
National School Lunch - Section 11	N/A	10.555	071960	2,489,017			2,489,017	2,071,328	417,689
National School Lunch - Snack	N/A	10.555	071980	16,255			16,255	13,777	2,478
Summer Food Service	5997	10.559	060900	197,867	41,070	41,070	60,204	101,274	
Summer Food Service	5998	10.559	070900	40,445			40,445		40,445
				6,257,875	2,705,511	139,944	3,337,740	2,952,393	525,291
National School Lunch - Breakfast	N/A	10.553	061970	24,915	840,297	24,915		24,915	
National School Lunch - Breakfast	N/A	10.553	071970	944,170			944,170	792,985	151,185
				969,085	840,297	24,915	944,170	817,900	151,185
TOTAL CHILD NUTRITION CLUSTER				7,226,960	3,545,808	164,859	4,281,910	3,770,293	676,476
National School Lunch - Commodity Entitlement	N/A	10.550	----	260,474	250,138		260,474	260,474	
National School Lunch - Commodity Bonus	N/A	10.550	----		7,819				
				260,474	257,957		260,474	260,474	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				7,487,434	3,803,765	164,859	4,542,384	4,030,767	676,476

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, 2007**

<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 6/30/2006</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2007</u>
<u>U.S. Department of Education:</u>									
Direct programs:									
Impact Aid	1366	84.041	-----	\$ 36,412	\$ 17,080	\$	\$ 19,332	\$ 19,332	\$
Hurricane Katrina	1376	84.938	064120/0641201	26,948			26,948	26,948	
Indian Education	1306	84.060A	B060A050962	66,911	66,911	11,705		11,705	
Indian Education	1307	84.060A	S060A060962A	35,463			35,463	35,463	
				<u>102,374</u>	<u>66,911</u>	<u>11,705</u>	<u>35,463</u>	<u>47,168</u>	
Magnet Schools - Carryover	1506	84.165	U165A050034	6,065,050	2,498,261	223,221	3,155,173	3,325,079	53,316
Smaller Learning Communities	1536	84.215	V215L042256	733,330	382,158	33,272	361,368	362,031	32,609
American History Professional Development	1576	84.215	U215X050204	999,996	210,012	34,729	71,590	106,319	
Teaching American History	1577	84.215	076373687/0607	332,779			247,607		247,607
				<u>2,066,105</u>	<u>592,170</u>	<u>68,001</u>	<u>680,565</u>	<u>468,350</u>	<u>280,216</u>
21st Century Teen - Carryover	1455	84.287A	S287A010855-04	382,414	1,865	(15,554)		(15,554)	
Michigan Art Project	1566	84.351C	U351C050085	344,065	208,905	5,939	372,981	362,614	16,306
PAINTS	1597	84.351D	U351D060071	274,949			180,086	169,880	10,206
Literacy Through Libraries	1546	84.364	S364A050092	346,769	214,763	42,577	132,005	174,582	
Literacy Through Libraries	1547	84.364	S364A060337	300,000			167,345	157,515	9,830
				<u>646,769</u>	<u>214,763</u>	<u>42,577</u>	<u>299,351</u>	<u>332,098</u>	<u>9,830</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, 2007**

<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 6/30/2006</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2007</u>
<u>U.S. Department of Education:</u>									
Passed through Michigan Department of Education:									
ABE English Literacy/Civics	1086	84.002	061120/6500565	\$ 17,700	\$ 17,700	\$ 973	\$	\$ 973	\$
ABE English Literacy/Civics	1087	84.002	071120/7500567	15,800			15,800	13,376	2,424
ABE Sec 306	4066	84.002	061130/611056	200,200	196,036	20,054	157	20,211	
ABE Sec 306	4067	84.002	071130/711057	197,200			197,200	167,159	30,041
ABE English Literacy/Civics	4096	84.002	051120/6500565	6,000	6,000	6,000		6,000	
ABE Sec 306	4097	84.002	071190/711057	100,000			100,000	86,946	13,054
				536,900	219,736	27,027	313,157	294,665	45,519
ECIA Title I - Regular	1006	84.010	061530/0506	7,874,650	7,619,063	443,984	81,605	525,589	
ECIA Title I - Regular	1007	84.010	071530/0607	7,992,722			7,599,388	6,280,089	1,319,299
ECIA Title I - Carryover	1016	84.010	051530/0506	1,153,443	1,153,443	1,153,443		1,153,443	
ECIA Title I - Carryover	1017	84.010	061530/0607	304,294			304,294	42,581	261,713
ECIA Title I - N & D	1026	84.010	061700/0506	53,983	28,560	28,560	25,423	53,983	
ECIA Title I - N & D	1027	84.010	071700/0607	51,400			26,356	14,902	11,454
ECIA Title I - N & D - Carryover	1036	84.010	051700/0506	25,325	14,745	14,745		14,745	
ECIA Title I - N & D - Carryover	1037	84.010	061700/0607	5,949			5,949		5,949
ECIA Title I - School Improvement	1046	84.010	051550/0506	45,000			37,891	37,891	
				17,506,766	8,815,811	1,640,732	8,080,906	8,123,223	1,598,415
Drug Free Schools	4006	84.186	062860/0506	193,711	193,711	15,039		15,039	
Drug Free Schools	4007	84.186	072860/0607	149,003			139,533	121,189	18,344
Drug Free Schools - Carryover	4016	84.186	052860/0506	4,898	4,716	4,187	182	4,369	
				347,612	198,427	19,226	139,715	140,597	18,344
Foreign Language Assistance Program	1527	84.293B		245,822			87,809	73,410	14,400

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, 2007**

<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 6/30/2006</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2007</u>
<u>U.S. Department of Education:</u>									
Passed through Michigan Department of Education:									
ECIA Title V - Regular	1146	84.298	050250/0405	\$ 49,303	\$ 39,190	\$ 39,190	\$ 10,113	\$ 49,303	\$
ECIA Title V - Regular	1147	84.298	070250/0607	16,186			10,540	16,186	(5,646)
ECIA Title V - Carryover	1156	84.298	050250/0506	98,058	98,058	98,058		98,058	
ECIA Title V - Carryover	1157	84.298	060250/0607	41,432			41,432	41,432	
				204,979	137,248	137,248	62,085	204,979	(5,646)
Title IID Technology	1266	84.318	064290/0506	149,028	103,006	103,006	46,022	149,028	
Title IID Technology	1267	84.318	074290/0607	82,002			29,017	25,714	3,303
Title IID Technology C/O	1276	84.318	054290/0506	82,047	82,046	82,046		82,046	
Freedom to Learn	4206	84.318	064280-5A		14,312	(5,688)	7,721	5,000	(2,967)
Freedom to Learn	4207	84.318		5,000			5,000		5,000
Freedom to Learn	4217	84.318		15,000			13,485	15,000	(1,515)
Freedom to Learn	4226	84.318			2,353	(8,647)			(8,647)
Freedom to Learn	4227	84.318		1,250				1,250	(1,250)
				334,327	201,717	170,717	101,245	278,038	(6,076)
Reading First	4366	84.357	052930/030402	1,347,750	1,289,786	229,710	(4,965)	224,745	
Reading First	4367	84.357	072930/0607	1,553,547			1,504,580	1,014,598	489,982
Reading First Facilitator	4386	84.357	052910/050601	222,014	212,553	33,003		33,003	
				3,123,311	1,502,339	262,713	1,499,615	1,272,346	489,982
Title III English Language Acquisition	1126	84.365	060580/0506	218,867	87,270	87,270	2,058	89,328	
Title III English Language Acquisition	1127	84.365	070580/0607	145,288			142,895	87,767	55,128
Title III English Language Acquisition C/O	1137	84.365	060580/0607	129,539			129,539		129,539
				493,694	87,270	87,270	274,492	177,095	184,667

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, 2007**

<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 6/30/2006</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2007</u>
<u>U.S. Department of Education:</u>									
Passed through Michigan Department of Education:									
Title IIA, Improving Teacher Quality	1096	84.367	060520/0506	\$ 1,910,306	\$ 515,640	\$ 515,640	\$ 45,318	\$ 560,958	\$
Title IIA, Improving Teacher Quality	1097	84.367	070520/0607	612,466			516,040	259,784	256,256
Title IIA, Improving Teacher Quality C/O	1117	84.367	060520/0607	1,349,348			1,349,348	1,131,862	217,486
				3,872,120	515,640	515,640	1,910,706	1,952,604	473,742
Comprehensive School Reform Demonstration	4276	84.332	051870/0506	570,761	465,998	16,500	104,763	121,263	
Comprehensive School Reform Demonstration	4277	84.332	061870/0607	566,100			418,814	353,445	65,369
				1,136,861	465,998	16,500	523,576	474,708	65,369
<u>Special Education Cluster</u>									
Passed through Ingham Intermediate School District:									
IDEA Flowthrough A	2206	84.027	060450/0506	7,554,426	7,554,426	1,640,194		1,640,194	
IDEA Flowthrough A	2207	84.027	070450/0607	8,815,947			8,815,947	6,884,646	1,931,301
IDEA Flowthrough B	2216	84.027	050450/0506	378,308	378,308	124,504		124,504	
IDEA Flowthrough B	2217	84.027	060450/0607	142,812			142,812	91,509	51,303
				16,891,493	7,932,734	1,764,698	8,958,759	8,740,854	1,982,603
IDEA Pre-school Development A	2106	84.173A	060460/0506	163,666	163,666	22,877		22,877	
IDEA Pre-school Development A	2107	84.173A	070460/0607	158,271			158,271	129,023	29,248
				321,937	163,666	22,877	158,271	151,900	29,248
Service Provider Self Review	2007	84.027A	070440/0607	5,500			5,500		5,500
Total special education cluster				17,218,930	8,096,400	1,787,575	9,122,530	8,892,754	2,017,351

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, 2007**

<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 6/30/2006</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2007</u>
<u>U.S. Department of Education:</u>									
Passed through Clinton County RESA:									
Voc Ed Special Needs	4076	84.048A	--	\$ 374,270	\$ 370,939	\$ 116,841	\$	\$ 116,841	\$
Voc Ed Special Needs	4077	84.048A	--	365,460			365,460	285,267	80,193
				<u>739,730</u>	<u>370,939</u>	<u>116,841</u>	<u>365,460</u>	<u>402,108</u>	<u>80,193</u>
Passed through Potterville Public Schools									
Education for Homeless Children and Youth	4406	84.196A	062320/0506	28,662	19,972	4,533	8,690	13,223	
Education for Homeless Children and Youth	4407	84.196A	072320/0607	51,344			18,579	17,569	1,010
				<u>80,006</u>	<u>19,972</u>	<u>4,533</u>	<u>27,269</u>	<u>30,792</u>	<u>1,010</u>
<u>U.S. Department of Education:</u>									
Passed through Lansing Community College									
Technical Preparation	4086	84.243A	--	23,788	23,778	14,754		14,754	
Technical Preparation	4087	84.243A	--	28,291			28,291	16,290	12,001
				<u>52,079</u>	<u>23,778</u>	<u>14,754</u>	<u>28,291</u>	<u>31,044</u>	<u>12,001</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>55,838,223</u>	<u>24,255,230</u>	<u>5,136,665</u>	<u>27,306,755</u>	<u>27,084,277</u>	<u>5,359,144</u>
<u>National Science Foundation:</u>									
Passed through Michigan State University:									
Devel Leadership & Support for Urban Science Teaching	1444	47.076	ESI0138945	117,352		11,927	(11,927)		
Devel Leadership & Support for Urban Science Teaching	1445	47.076	ESI0138945	118,743		118,743	(28,408)	90,335	
Devel Leadership & Support for Urban Science Teaching	1446	47.076	ESI0138945		106,697	106,697	(106,697)		
Devel Leadership & Support for Urban Science Teaching	1447	47.076		121,652			96,868		96,868
Devel Leadership & Support for Urban Science Teaching C/O	1464	47.076	ESI0138945	44,000		31,081	(31,081)		
				<u>401,747</u>	<u>106,697</u>	<u>268,448</u>	<u>(81,245)</u>	<u>90,335</u>	<u>96,868</u>
Mathematics Assessment	166	47.076		110,326	110,204	53,470		53,470	
Mathematics Assessment	167	47.076		110,410			110,410		110,410
Total National Science Foundation				<u>220,736</u>	<u>110,204</u>	<u>53,470</u>	<u>29,165</u>	<u>53,470</u>	<u>110,410</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, 2007**

<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 6/30/2006</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2007</u>
<u>U.S. Department of Labor:</u>									
<u>WIA Program Cluster</u>									
Passed through Capital Area Michigan Works:									
WIA Out of School	1396	17.255	----	\$ 100,968	\$ 93,702	\$ 11,850	\$	\$ 11,850	\$
WIA Out of School	1397	17.255	----	119,150			102,579	96,776	5,803
WIA In School Youth	1406	17.255	----	114,140	114,140	11,913		11,913	
WIA In School Youth	1407	17.255	----	119,150			119,150	103,337	15,813
WIA In School Youth	3136	17.255	----	190,795	185,359	25,460		25,460	
WIA In School Youth	3137	17.255	----	227,983			199,201	168,544	30,657
WIA In School Youth	3146	17.255	----	39,303	39,303	6,237		6,237	
WIA In School Youth	3147	17.255	----	39,303			39,303	34,242	5,061
TOTAL U.S. DEPARTMENT OF LABOR				<u>950,792</u>	<u>432,504</u>	<u>55,460</u>	<u>460,233</u>	<u>458,359</u>	<u>57,334</u>
<u>U.S. Department of Health & Human Services</u>									
Passed through Ingham ISD									
Medicaid Outreach Reimbursement		93.778		<u>163,247</u>			<u>163,247</u>	<u>128,125</u>	<u>35,122</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$65,062,178</u>	<u>\$ 28,708,400</u>	<u>\$ 5,678,902</u>	<u>\$ 32,501,784</u>	<u>\$31,845,333</u>	<u>\$6,335,353</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, 2007**

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. Child nutrition cluster, CFDA # 10.555, 10.559 & 10.553, Special Education Cluster, CFDA #84.027, #84.027A and #84.173A, and Reading First, CFDA #84.357 were audited as a major representing 46% of expenditures.
3. The threshold for distinguishing Type A and Type B programs was \$975,054.
4. Management has utilized the Grant Section Auditors Report (Form R7120) and the Grant Audit Report 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	\$ 27,959,400
Special revenue fund	<u>4,542,384</u>
	<u><u>\$ 32,501,784</u></u>

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, #84.027A and #84.173A

**LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

➤ Material weakness(es) identified: _____ Yes X No

➤ Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ 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 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
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.027, 84.027A and 84.173A	Special Education Cluster
84.357	Reading First

Dollar threshold used to distinguish between type A and type B programs: \$ 975,054

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

Section II - Financial Statement Findings

See pages 15 and 16

Section III - Federal Award Findings and Questioned Costs

See page 17

**LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

Section II – Findings – Financial Statement Audit

Finding 2007-1

Finding considered a significant deficiency

Criteria: Bank accounts should be performed and reconciled to the general ledger in a timely manner.

Condition: During the year, bank reconciliations were not being performed in a timely manner.

Context: Failure to perform bank reconciliations in a timely manner increases the risk that the financial statements will be materially misstated. During the year, the District experienced turnover in the business office. The District has reorganized and increased staffing. It is expected next year the accounting department will have ample resources to perform these reconciliations monthly. The District hired a CPA firm to assist in completing the bank reconciliations. At June 30, 2007, all bank accounts were reconciled timely.

Effect: Inaccurate financial information may be used for management decisions and reporting.

Cause: Lack of staffing to complete and review month-end bank reconciliation procedures.

Recommendation: Monthly bank reconciliations should be prepared and reviewed by an appropriate individual every month. In addition, the reconciled balance should be compared to the general ledger to ensure all necessary adjustments to the general ledger are made in a timely manner. This will improve the accuracy of interim reporting.

**LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

Finding 2007-2

Finding considered a significant deficiency

Criteria: Pupil counts in the Single Record Student Database (SRSD) should be reconciled to the detail pupil rosters to ensure accuracy.

Condition: During the year, Ingham Intermediate School District's pupil membership auditors found significant errors in the reporting of pupil counts while performing their pupil audit.

Context: Failure to properly report student counts to the State of Michigan through the SRSD system could result in the District not receiving the appropriate amount of state aid. The District did correct this issue by year-end and did receive the correct amount of state aid.

Effect: Inaccurate amount of state aid could be received by the District.

Cause: Lack of reconciliation process between SRSD and detail pupil rosters.

Recommendation: Paper membership rosters should be reconciled to the SRSD system in a timely manner prior to submission to the State. In addition, improved oversight should be implemented to ensure this process is completed. Consideration should be given to have the business office review reporting in this area.

Finding - 2007-3

Finding considered a significant deficiency

Criteria: Three year end adjustments were proposed by the external auditor and recorded by the client during the audit. These were required in order for the financial statements to be accurate.

Condition: Three accounts were not adjusted to accurately reflect the transactions taking place at year end.

Context: Failure to make significant adjustments increases the risk that the financial statements will be materially misstated. During the year, the District experienced turnover in the business office. The District has reorganized and increased staffing. It is expected next year the accounting department will have ample resources to avoid significant audit adjustments.

Effect: Inaccurate financial information may be used for management decisions and reporting.

Cause: Oversight by the staff and management to record journal entries that properly reflect the transactions that have occurred at year end.

Recommendation: The District should review year end transactions and record journal entries for any transactions not recorded.

**LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Section III – Federal Award Findings and Questioned Costs

Finding 2007-4

Statement of Condition: Lansing School District was not offering Reading First CFDA #84.357 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 review procedures to ensure all private schools are properly notified.

**LANSING SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007**

There were no audit findings required to be reported on this schedule for the years ended June 30, 2006 and 2005.



**LANSING SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING JUNE 30, 2007**

U.S. Department of Education:

Lansing School District respectfully submits the following corrective action plan for the year ended June 30, 2007.

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, 2007

The finding from the June 30, 2007 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding – Financial statement audit

Finding 2007-1: Considered a significant deficiency

Recommendation: Monthly bank reconciliations should be prepared and reviewed by an appropriate individual every month. In addition, the reconciled balance should be compared to the general ledger to ensure all necessary adjustments to the general ledger are made in a timely manner. This will improve the accuracy of interim reporting.

Action to be taken: We concur with the recommendation. We have worked diligently to resolve all issues and are currently in the process of instituting month-end closing procedures. Improved procedures have been implemented and were in place prior to June 30, 2007.



**LANSING SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING JUNE 30, 2007**

Finding 2007-2: Considered a significant deficiency

Recommendation: Pupil rosters should be reconciled to the SRSD system in a timely manner prior to submission to the State. In addition, improved oversight should be implemented to ensure this process is completed. Consideration should be given to have the business office review reporting in this area.

Action to be taken: We are aware of the deficiency and are currently investigating various ways to improve the pupil accounting process. This will be given much more scrutiny in the current year to ensure all paper counts are also getting reported in the electronic system. The business office will consider reviewing reporting in this area.

Finding 2007-3: Considered a significant deficiency

Recommendation: The District should perform a detailed review of year end transactions and record journal entries for any transactions not recorded.

Action to be taken: We concur with the recommendation and understand it involved three (3) journal entries. We will review more closely year end transactions to ensure that they are recorded in the proper period.

Finding 2007-4

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 2007/2008 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: Jose Gamez