

LANSING SCHOOL DISTRICT
ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2006

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Lamonte T. Lator
Bruce J. Dunn
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Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

**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 29, 2006

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, 2006, which collectively comprise Lansing School District's basic financial statements and have issued our report thereon dated September 29, 2006. 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.

To the Board of Education
Lansing School District
Lansing, Michigan

September 29, 2006

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 immaterial instances of noncompliance or other matters that we have reported to management of Lansing School District in a separate letter dated September 29, 2006.

This report is intended solely for the information and use of the board of education, management, U.S. Department of Education and Michigan Department of Education 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 "Mamey, Costeusan & 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

September 29, 2006

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, 2006. 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, 2006.

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 of Lansing School District as of and for the year ended June 30, 2006, and have issued our report thereon dated September 29, 2006. 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, 2006**

<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 6/30/2005</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2006</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	051950	\$ 363,230	\$ 316,331	\$ 13,197	\$ 46,899	\$ 60,096	\$
National School Lunch - Section 11	N/A	10.555	051960	2,737,631	2,237,631	95,026	343,028	438,054	
National School Lunch - Snack	N/A	10.555	051980	39,636	31,964	247	4,972	5,219	
Fruit and Vegetable Pilot Program	5895	10.555	050950	169,677	60,410	52,272	63,826	116,367	(269)
Fruit and Vegetable Pilot Program	5896	10.555	050950	34,973			23,291		23,291
National School Lunch - Section 4	N/A	10.555	061950	348,903	38,793		302,456	302,456	
National School Lunch - Section 11	N/A	10.555	061690	2,577,755	315,444		2,262,311	2,186,491	75,820
National School Lunch - Snack	N/A	10.555	061980	36,730	2,140		12,557	12,525	32
				<u>6,308,535</u>	<u>3,002,713</u>	<u>160,742</u>	<u>3,059,340</u>	<u>3,121,208</u>	<u>98,874</u>
Summer Food Service	5996	10.559	050900	197,867	37,923	37,923	75,836	113,759	
Summer Food Service	5997	10.559	060900	197,867			41,070		41,070
				<u>395,734</u>	<u>37,923</u>	<u>37,923</u>	<u>116,906</u>	<u>113,759</u>	<u>41,070</u>
National School Lunch - Breakfast	N/A	10.553	051970	35,368	723,191	35,368		35,368	
National School Lunch - Breakfast	N/A	10.553	061970	840,297			840,297	815,382	24,915
				<u>875,665</u>	<u>723,191</u>	<u>35,368</u>	<u>840,297</u>	<u>850,750</u>	<u>24,915</u>
Total child nutrition cluster				<u>7,579,934</u>	<u>3,763,827</u>	<u>234,033</u>	<u>4,016,543</u>	<u>4,085,717</u>	<u>164,859</u>
National School Lunch - Commodity Entitlement	N/A	10.550	----	250,138	211,776		250,138	250,138	
National School Lunch - Commodity Bonus	N/A	10.550	----	7,819	32,035		7,819	7,819	
				<u>257,957</u>	<u>243,811</u>		<u>257,957</u>	<u>257,957</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>7,837,891</u>	<u>4,007,638</u>	<u>234,033</u>	<u>4,274,500</u>	<u>4,343,674</u>	<u>164,859</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, 2006**

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 6/30/2005	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2006
<u>U.S. Department of Education:</u>									
Direct programs:									
Impact Aid	1366	84.041	----	\$ 19,883	\$ 19,883	\$	\$ 17,080	\$ 17,080	\$
Indian Education	1305	84.060A	B060A040962	62,276	66,373	15,724	(4,097)	11,627	
Indian Education	1306	84.060A	B060A050962	66,911			66,911	55,206	11,705
				129,187	66,373	15,724	62,814	66,833	11,705
Magnet Schools - Carryover	1506	84.165	U165A050034	2,719,838			2,498,261	2,275,040	223,221
Magnet Schools	1515	84.165	S165A010058	450,711	450,711	10,102		10,102	
				3,170,549	450,711	10,102	2,498,261	2,285,142	223,221
Help One Student Succeed	1345	84.215	U215K040189	196,832	195,708	32,509	1,124	33,633	
Smaller Learning Communities	1535	84.215	V215L042256	366,665	242,901	96,234		96,234	
Smaller Learning Communities	1536	84.215	V215L042256	733,330			382,158	348,886	33,272
American History Professional Development	1576	84.215	U215X050204	999,996			210,012	175,283	34,729
				2,099,991	242,901	96,234	592,170	620,403	68,001
21st Century Teen - Carryover	1455	84.287A	S287A010855-04	382,414	372,192	80,686	1,865	98,105	(15,554)
Reading is Fundamental	1486	84.257	MI012	45,666			32,838	32,838	
Michigan Art Project	1566	84.351C	U351C050085	344,065			208,905	202,966	5,939
Literacy Through Libraries	1546	84.364	S364A050092	346,769			214,763	172,186	42,577
<u>Passed through Michigan Department of Education:</u>									
ABE English Literacy/Civics	1085	84.002	051120/5500564	25,245	25,245	21,086		21,086	
ABE English Literacy/Civics	1086	84.002	0611206500565	17,700			17,700	16,727	973
ABE Sec 306	4065	84.002	051130/511055	250,200	250,200	52,722		52,722	
ABE Sec 306	4066	84.002	061130611056	200,200			196,036	175,982	20,054
ABE Sec 306	4096	84.002		6,000			6,000		6,000
				499,345	275,445	73,808	219,736	266,517	27,027

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, 2006**

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 6/30/2005	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2006
U.S. Department of Education (Continued):									
Passed through Michigan Department of Education (Continued):									
ECIA Title I - School Improvement	1046	84.010	051550/0506	\$ 45,000	\$	\$	\$ 7,810	\$	\$ 7,810
ECIA Title I - Regular	1005	84.010	051530/0405	6,835,048	6,598,509	515,398	236,538	751,936	
ECIA Title I - Regular	1006	84.010	0615300506	7,874,650			7,619,063	7,175,079	443,984
ECIA Title I - Carryover	1015	84.010	04530/0405	1,647,856	1,647,856	1,647,856		1,647,856	
ECIA Title I - Carryover	1016	84.010	051530/0506	1,153,443			1,153,444		1,153,444
ECIA Title I - N & D	1025	84.010	051700/0405	46,497	41,678	15,437	4,819	20,256	
ECIA Title I - N & D	1026	84.010	041700/0304	34,607			28,560		28,560
ECIA Title I - N & D - Carryover	1035	84.010	041700/0405	6,353	6,353	6,353		6,353	
ECIA Title I - N & D - Carryover	1036	84.010	051700/0506	25,325			14,745		14,745
				<u>17,668,779</u>	<u>8,294,396</u>	<u>2,185,044</u>	<u>9,064,979</u>	<u>9,601,480</u>	<u>1,648,543</u>
Drug Free Schools	4005	84.186	052860/0405	193,224	193,224	17,710		17,710	
Drug Free Schools	4006	84.186	062860/0506	193,711			193,711	178,672	15,039
Drug Free Schools - Carryover	4015	84.186	042860/0405	22,993	22,993	13,636		13,636	
Drug Free Schools - Carryover	4016	84.186	052860/0506	4,898			4,716	529	4,187
				<u>414,826</u>	<u>216,217</u>	<u>31,346</u>	<u>198,427</u>	<u>210,547</u>	<u>19,226</u>
ECIA Title V - Regular	1145	84.298	050250/0405	38,242	35,186	(30,772)	3,056	(27,716)	
ECIA Title V - Regular	1146	84.298	050250/0405	90,735			39,190		39,190
ECIA Title V - Carryover	1155	84.298	040250/0405	94,624	94,624	94,624		94,624	
ECIA Title V - Carryover	1156	84.298	050250/0506	98,058			98,060		98,060
				<u>321,659</u>	<u>129,810</u>	<u>63,852</u>	<u>140,306</u>	<u>66,908</u>	<u>137,250</u>
Title IID Technology	1265	84.318	054290/0405	120,972	113,594	106,607	7,375	113,982	
Title IID Technology	1266	84.318	064290/0506	149,028			103,006		103,006
Title IID Technology C/O	1275	84.318	044290/0405	30,557	30,557	30,557		30,557	
Title IID Technology C/O	1276	84.318	054290/0506	82,047			82,046		82,046
Freedom to Learn	4215	84.318	054280/-4	52,844			52,844	52,844	
Freedom to Learn	4206	84.318					14,312	20,000	(5,688)
Freedom to Learn	4226	84.318					2,353	11,000	(8,647)
Freedom to Learn	4246	84.318	064280/5A	5,000			5,000	5,000	
Learning Without Limits	4345	84.318	044280-2	632,941	623,048	4,078	9,892	13,970	
				<u>1,073,389</u>	<u>767,199</u>	<u>141,242</u>	<u>276,828</u>	<u>247,353</u>	<u>170,717</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, 2006**

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 6/30/2005	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2006
U.S. Department of Education (Continued):									
Passed through Michigan Department of Education (Continued):									
Reading First Facilitator	4385	84.357	052920/020303	\$ 104,937.00	\$ 104,937.00	\$ 16,648.00	\$	\$ 16,648.00	\$
Reading First Facilitator	4386	84.357	052910/050601	222,014			212,553	179,550	33,003
Reading First	4365	84.357	042930/030402	1,470,481	1,470,481	160,359		160,359	
Reading First	4366	84.357	052930/030402	1,347,750			1,289,786	1,060,076	229,710
				<u>3,145,182</u>	<u>1,575,418</u>	<u>177,007</u>	<u>1,502,339</u>	<u>1,416,633</u>	<u>262,713</u>
Title III English Language Acquisition	1125	84.365	050580/0405	160,733	140,090	(3,546)	20,973	17,427	
Title III English Language Acquisition	1126	84.365	050580/0405	161,063			87,270		87,270
Title III English Language Acquisition C/O	1135	84.365	040580/0405	27,400	27,400	27,400		27,400	
				<u>349,196</u>	<u>167,490</u>	<u>23,854</u>	<u>108,243</u>	<u>44,827</u>	<u>87,270</u>
Title IIA, Improving Teacher Quality	1095	84.367	050520/0405	1,924,558	1,924,558	575,567	(1,178)	574,389	
Title IIA, Improving Teacher Quality	1096	84.367		1,910,306			515,640		515,640
Title IIA, Improving Teacher Quality C/O	1115	84.367	040520/0405	341,028	341,026	341,026		341,026	
				<u>4,175,892</u>	<u>2,265,584</u>	<u>916,593</u>	<u>514,462</u>	<u>915,415</u>	<u>515,640</u>
Comprehensive School Reform Demonstration	4275	84.332	041870/0405	581,553	373,051	84,616	208,502	293,118	
Comprehensive School Reform Demonstration	4276	84.332	051870/0506	544,000			465,998	449,498	16,500
				<u>1,125,553</u>	<u>373,051</u>	<u>84,616</u>	<u>674,500</u>	<u>742,616</u>	<u>16,500</u>
Special Education Cluster									
Passed through Ingham Intermediate School District:									
IDEA Flowthrough A	2205	84.027	050450/0405	7,250,000	7,250,000	1,309,203		1,309,203	
IDEA Flowthrough A	2206	84.027	060450/0506	7,554,426			7,554,426	5,914,232	1,640,194
IDEA Flowthrough B	2215	84.027	040450/0405	595,686	595,686	106,463		106,463	
IDEA Flowthrough B	2216	84.027	050450/0506	378,308			378,308	253,804	124,504
				<u>15,778,420</u>	<u>7,845,686</u>	<u>1,415,666</u>	<u>7,932,734</u>	<u>7,583,702</u>	<u>1,764,698</u>
IDEA Pre-school Development A	2105	84.173A	050460/0405	172,534	172,534	18,667		18,667	
IDEA Pre-school Development A	2106	84.173A	060460/0506	163,666			163,666	140,789	22,877
				<u>336,200</u>	<u>172,534</u>	<u>18,667</u>	<u>163,666</u>	<u>159,456</u>	<u>22,877</u>
Total special education cluster				<u>16,114,620</u>	<u>8,018,220</u>	<u>1,434,333</u>	<u>8,096,400</u>	<u>7,743,158</u>	<u>1,787,575</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, 2006**

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 6/30/2005	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2006
<u>U.S. Department of Education (Continued):</u>									
Passed through Michigan Department of Education (Continued):									
Passed through Clinton County RESA:									
Voc Ed Special Needs	4075	84.048A	--	\$ 394,017	\$ 394,136	\$ 144,059	\$ (119)	\$ 143,940	\$
Voc Ed Special Needs	4076	84.048A	--	374,270			370,939	254,098	116,841
				<u>768,287</u>	<u>394,136</u>	<u>144,059</u>	<u>370,820</u>	<u>398,038</u>	<u>116,841</u>
Education for Homeless Children and Youth	4405	84.196A	043220/0405	11,250	11,250	11,250		11,250	
Education for Homeless Children and Youth	4406	84.196A	062320/0506	28,662			19,972	15,439	4,533
				<u>39,912</u>	<u>11,250</u>	<u>11,250</u>	<u>19,972</u>	<u>26,689</u>	<u>4,533</u>
Technical Preparation	4085	84.243A	--	23,750	11,691	7,701	(95)	7,606	
Technical Preparation	4086	84.243A	--	23,788			23,778	9,024	14,754
				<u>47,538</u>	<u>11,691</u>	<u>7,701</u>	<u>23,683</u>	<u>16,630</u>	<u>14,754</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>52,479,534</u>	<u>23,847,675</u>	<u>5,529,960</u>	<u>24,840,515</u>	<u>25,225,997</u>	<u>5,144,478</u>
<u>U.S. Department of Health and Human Services</u>									
Passed through Michigan State University									
Nursing Model	1555	93.778	5XX05MI5048	72,370	64,320	22,416	8,050	30,466	
<u>U.S. Department of Homeland Security</u>									
Passed through Michigan Department of State Police									
Homeland Security	1336	97.004	--	9,650			9,650	9,650	
<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	118,743			118,743
Devel Leadership & Support for Urban Science Teaching	1446	47.076	ESI0138945				106,697		106,697
Devel Leadership & Support for Urban Science Teaching C/O	1464	47.076	ESI0138945	44,000		31,081			31,081
				<u>280,095</u>	<u>118,743</u>	<u>161,751</u>	<u>106,697</u>		<u>268,448</u>
Mathematics Assessment	0165	47.076		102,475	99,725	59,891		59,891	
Mathematics Assessment	0166	47.076		110,326			110,204	56,734	53,470
				<u>212,801</u>	<u>99,725</u>	<u>59,891</u>	<u>110,204</u>	<u>116,625</u>	<u>53,470</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, 2006**

<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 6/30/2005</u>	<u>Current year expenditures</u>	<u>Current year receipts (cash basis)</u>	<u>Accrued (deferred) revenue 6/30/2006</u>
<u>U.S. Department of Labor:</u>									
<u>WIA Program Cluster</u>									
Passed through Capital Area Michigan Works:									
WIA Out of School	1395	17.255	----	\$ 100,968	\$ 94,707	\$ 15,299	\$	\$ 15,299	\$
WIA Out of School	1396	17.255	----	100,968			93,702	81,852	11,850
WIA In School Youth	1405	17.255	----	114,140	114,140	17,009		17,009	
WIA In School Youth	1406	17.255	----	114,140			114,140	102,227	11,913
WIA In School Youth	3135	17.255	----	124,797	124,797	14,217		14,217	
WIA In School Youth	3136	17.255	----	190,795			185,359	159,899	25,460
WIA In School Youth	3145	17.255	----	39,303	39,303	13,801		13,801	
WIA In School Youth	3146	17.255	----	39,303			39,303	33,066	6,237
TOTAL U.S. DEPARTMENT OF LABOR				<u>824,414</u>	<u>372,947</u>	<u>60,326</u>	<u>432,504</u>	<u>437,370</u>	<u>55,460</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 61,716,755</u>	<u>\$ 28,511,048</u>	<u>\$ 6,068,377</u>	<u>\$ 29,782,120</u>	<u>\$ 30,163,782</u>	<u>\$ 5,686,715</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, 2006**

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, Magnet Schools Grant, CFDA #84.165, and Title II, Part A #84.367 were audited as major programs.
3. The threshold for distinguishing Type A and Type B programs was \$893,464.
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	\$ 25,507,620
Nonmajor funds	<u>4,274,500</u>
 Total federal financial assistance	 <u><u>\$ 29,782,120</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 and #84.173A.

**LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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
84.165	Magnet Schools Grant
84.367	Title II, Part A

Dollar threshold used to distinguish between type A and type B programs: \$893,464

Auditee qualified as low-risk auditee? X Yes _____ 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, 2006**

There were no findings from 2005. Findings prior to 2005 were resolved.