

Lapeer Community Schools of Lapeer County

**Federal Awards
Supplemental Information
June 30, 2008**

Lapeer Community Schools of Lapeer County

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Independent Auditor's Report

To the Board of Education
Lapeer Community Schools
of Lapeer County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer Community Schools of Lapeer County as of and for the year ended June 30, 2008, which collectively comprise Lapeer Community Schools of Lapeer County's basic financial statements, and have issued our report thereon dated September 29, 2008. Those basic financial statements are the responsibility of the management of Lapeer Community Schools of Lapeer County. Our responsibility was to express opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lapeer Community Schools of Lapeer County's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of financial statements federal revenue with schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

September 29, 2008



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
Lapeer Community Schools
of Lapeer County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer Community Schools of Lapeer County as of and for the year ended June 30, 2008, which collectively comprise Lapeer Community Schools of Lapeer County's basic financial statements, and have issued our report thereon dated September 29, 2008. 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 Lapeer Community Schools of Lapeer County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lapeer Community Schools of Lapeer County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lapeer Community Schools of Lapeer County's internal control over financial reporting.

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.

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.

To the Board of Education
Lapeer Community Schools
of Lapeer County

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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lapeer Community Schools of Lapeer County'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 the management of Lapeer Community Schools of Lapeer County in a separate letter dated September 29, 2008.

This report is intended solely for the information and use of the Board of Education, management, and the federal and pass-through awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

September 29, 2008

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
Lapeer Community Schools
of Lapeer County

Compliance

We have audited the compliance of Lapeer Community Schools of Lapeer County 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 program for the year ended June 30, 2008. The major federal program of Lapeer Community Schools of Lapeer County is 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 program is the responsibility of Lapeer Community Schools of Lapeer County's management. Our responsibility is to express an opinion on Lapeer Community Schools of Lapeer County'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 Lapeer Community Schools of Lapeer County'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 on Lapeer Community Schools of Lapeer County's compliance with those requirements.

In our opinion, Lapeer Community Schools of Lapeer County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

To the Board of Education
Lapeer Community Schools
of Lapeer County

Internal Control Over Compliance

The management of Lapeer Community Schools of Lapeer County 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 Lapeer Community Schools of Lapeer County'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 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.

This report is intended solely for the information and use of the Board of Education, management, and the federal and pass-through awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

September 29, 2008

Lapeer Community Schools of Lapeer County

Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2007	Federal Funds/ Payments In-kind Received	Federal Funds/ Expenditures	Accrued Revenue at June 30, 2008
Clusters:							
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:							
National School Breakfast Program - 2007-2008	10.553	\$ 178,942	\$ -	\$ -	\$ 178,942	\$ 178,942	\$ -
National School Lunch Program - 2007-2008	10.555	717,454	-	-	717,454	717,454	-
Total Child Nutrition Cluster		896,396	-	-	896,396	896,396	-
Special Education Cluster - U.S. Department of Education - Passed through the Lapeer County ISD:							
IDEA:							
Project number 070450/0607	84.027	483,270	483,270	52,746	52,746	-	-
Project number 080450/0708		476,747	-	-	476,747	476,747	-
Total IDEA		960,017	483,270	52,746	529,493	476,747	-
Preschool Incentive:							
Project number 070460/0607	84.173	53,458	53,458	5,537	5,537	-	-
Project number 080460/0708		48,393	-	-	48,393	48,393	-
Total Preschool Incentive		101,851	53,458	5,537	53,930	48,393	-
IDEA - Self-provider Self-review - Project number 070440/0607	84.027A	5,500	-	5,500	5,500	-	-
Total Special Education Cluster		1,067,368	536,728	63,783	588,923	525,140	-

Lapeer Community Schools of Lapeer County

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2008

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2007	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2008
Clusters (Continued):							
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Lapeer County ISD - Medical Assistance Program - Medicaid Outreach	93.778	\$ 29,835	\$ -	\$ -	\$ 29,835	\$ 29,835	\$ -
Other federal awards:							
U.S. Department of Education:							
Passed through the Michigan Department of Education:							
Title I:	84.010						
Project number 071530/0607		693,098	613,319	262,272	312,417	50,145	-
Project number 081530/0708		819,346	-	-	726,442	735,627	9,185
Total Title I		1,512,444	613,319	262,272	1,038,859	785,772	9,185
Title I - Schoolwide Planning Grant 071520/0708	84.010A	3,000	-	-	3,000	3,000	-
Title II Part A - Improving Teacher Quality:	84.367						
Project number 070520/0607		287,315	268,046	66,080	85,349	19,269	-
Project number 080520/0708		290,696	-	-	211,904	228,295	16,391
Total Title II Part A		578,011	268,046	66,080	297,253	247,564	16,391
Title II Part D - Project number 084290/0708	84.318	7,447	-	-	7,046	7,046	-

Lapeer Community Schools of Lapeer County

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2008

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2007	Federal Funds/ Payments In-kind Received	Federal Funds/ Expenditures	Accrued Revenue at June 30, 2008
Other federal awards (Continued):							
U.S. Department of Education (Continued):							
Passed through the Michigan Department of Education (Continued):							
Safe and Drug-free Schools and Communities:	84.186						
Project number 072860/0607		\$ 25,620	\$ 25,620	\$ 1,956	\$ 1,956	\$ -	\$ -
Project number 082860/0708		26,500	-	-	25,884	25,984	100
Total Safe and Drug-free Schools and Communities Act		52,120	25,620	1,956	27,840	25,984	100
Total noncluster programs passed through the Michigan Department of Education		2,153,022	906,985	330,308	1,373,998	1,069,366	25,676
Passed through Imlay City Community Schools:	84.365						
Title III - Project number 070580/0607		1,725	538	538	538	-	-
Title III - Project number 080580/0708		4,201	-	-	4,201	4,201	-
Total Title III, Part A		5,926	538	538	4,739	4,201	-
Total U.S. Department of Education		2,158,948	907,523	330,846	1,378,737	1,073,567	25,676

Lapeer Community Schools of Lapeer County

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2008

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2007	Federal Funds/ Payments In-kind Received	Federal Funds/ Expenditures	Accrued Revenue at June 30, 2008
Other federal awards (Continued):							
U.S. Department of Agriculture - Passed through the Michigan Department of Education - Food Distribution:	10.550						
Entitlement commodities - 2007-2008		\$ 138,202	\$ -	\$ -	\$ 138,202	\$ 138,202	\$ -
Bonus commodities - 2007-2008		681	-	-	681	681	-
Total U.S. Department of Agriculture		<u>138,883</u>	<u>-</u>	<u>-</u>	<u>138,883</u>	<u>138,883</u>	<u>-</u>
Total federal awards		<u>\$4,291,430</u>	<u>\$1,444,251</u>	<u>\$394,629</u>	<u>\$ 3,032,774</u>	<u>\$2,663,821</u>	<u>\$25,676</u>

Lapeer Community Schools of Lapeer County

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 2,638,146
Grant deferred revenue not previously reported on the schedule of expenditures of federal awards	<u>25,675</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 2,663,821</u>

Lapeer Community Schools of Lapeer County

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lapeer Community Schools of Lapeer County and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule of expenditures of federal awards may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

Note 3 - Grant Section Auditor's Report

Management has utilized Form R-7120 and the Cash Management System (CMS) grant auditor report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Lapeer Community Schools of Lapeer County

Schedule of Findings and Questioned Costs Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) 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 program(s):

- 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 auditor's report issued on compliance for major program(s): Unqualified

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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

Lapeer Community Schools of Lapeer County

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2008

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None