

**Schoolcraft Community Schools  
Schoolcraft, Michigan**

**Single Audit Report**

**June 30, 2009**

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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***

Members of the Board of Education  
Schoolcraft Community Schools  
Schoolcraft, Michigan

We have audited the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of Schoolcraft Community Schools as of and for the year ended June 30, 2009, and have issued our report thereon dated October 16, 2009. 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 Schoolcraft Community Schools' 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 Schoolcraft Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Schoolcraft Community Schools' 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 result 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 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 Schoolcraft Community Schools' 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*.

This report is intended solely for the information and use of management, others within the entity, the Board of Education, 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.

*Yeo & Yeo, P.C.*

Kalamazoo, Michigan  
October 16, 2009

## **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  
Schoolcraft Community Schools  
Schoolcraft, Michigan

### **Compliance**

We have audited the compliance of Schoolcraft Community Schools 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, 2009. Schoolcraft Community Schools' 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 each of its major federal programs is the responsibility of Schoolcraft Community Schools' management. Our responsibility is to express an opinion on Schoolcraft Community Schools' 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 Schoolcraft Community Schools' 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 of our opinion. Our audit does not provide a legal determination of Schoolcraft Community Schools' compliance with those requirements.

In our opinion, Schoolcraft Community Schools 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, 2009.

### **Internal Control over Compliance**

The management of Schoolcraft Community Schools 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 Schoolcraft Community Schools' 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 Schoolcraft Community Schools' 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 Schoolcraft Community Schools, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 16, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Schoolcraft Community Schools' 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 auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, others within the entity, the Board of Education, 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.

*Yeo & Yeo, P.C.*

Kalamazoo, Michigan  
October 16, 2009

**Schoolcraft Community Schools**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2009**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2008	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjust- ments	Accrued (Deferred) Revenue June 30, 2009
<b>U.S. Department of Agriculture</b>								
Child Nutrition Cluster								
Passed through Michigan Department of Education								
Non-Cash assistance (commodities)								
National School Lunch Program	10.555	\$ 18,687	\$ -	\$ -	\$ 18,687	\$ 18,687	\$ -	\$ -
Cash assistance								
National School Lunch Program								
081950 Sec 4. - Total Servings	10.555	2,638	-	-	2,638	2,638	-	-
081950 Sec 11. - Free and Reduced		5,789	-	-	5,789	5,789	-	-
081965 USDA Commodity Recall		49	-	-	49	-	49	-
091950 Sec 4. - Total Servings		20,724	-	-	20,724	20,724	-	-
091950 Sec 11. - Free and Reduced		46,682	-	-	46,682	46,682	-	-
			-	-	75,882	75,833	49	-
Total Department of Agriculture			-	-	94,569	94,520	49	-
<b>U.S. Department of Education</b>								
Passed through Michigan Department of Education								
0917000809 Title I	84.010	58,066	-	-	58,066	58,066	-	-
Passed through Kalamazoo Regional Edu. Services Assoc.								
0904500809 IDEA	84.027A	42,181	-	-	42,181	42,181	-	-
Passed through Michigan Department of Education								
0942900809 Technology Literacy Challenge	84.318	500	-	-	500	500	-	-
Passed through Michigan Department of Education								
0905200809 Improving Teacher Quality	84.367	31,086	-	-	31,086	31,086	-	-
Passed through Michigan Department of Education								
0925250809 ARRA - State Fiscal Stabilization Fund	84.394	435,023	-	-	435,023	-	-	435,023
Total U.S. Department of Education			-	-	566,856	131,833	-	435,023
Total Federal Programs			\$ -	-	\$ 661,425	\$ 226,353	\$ 49	\$ 435,023

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Schoolcraft Community Schools**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2009**

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1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2009.
3. The federal amounts reported on the Form R-7120 "Grant Sections Auditors Report" and the CMS Grant Auditor Report are in agreement with the Schedule of Expenditures of Federal Awards, with the exception of USDA Commodity Recall. This grant had a \$49 variance between the Schedule of Expenditures of Federal Awards and the Financial Statements as a result of a September 2008 difference.
4. The amounts reported on the Recipient Entitlement Balance Reports agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.



**Schoolcraft Community Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2009**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies 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
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor’s report issued on compliance for major programs: 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 programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.394	ARRA - State Fiscal Stabilization Fund

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

Auditee qualified as a low-risk auditee? \_\_\_ Yes      X   No

**Schoolcraft Community Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2009**

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**SECTION II – GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no findings related to the financial statements which are required to be reported in accordance with government auditing standards for the year ended June 30, 2009.

**SECTION III – FEDERAL AWARD FINDINGS**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2009