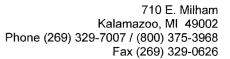
Schoolcraft Community Schools Schoolcraft, Michigan

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

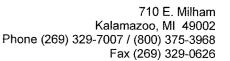
As part of obtaining reasonable assurance about whether Schoolcraft Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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.

Kalamazoo, Michigan

Yest yes, P.C.

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.

Kalamazoo, Michigan October 16, 2009

Yes & Yes, P.C.

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

Federal Grantor Federal Approved (Deferred) (Memo Only) Current Pass-Through Grantor CFDA Grant Revenue Prior Year Year Program Title Number Amount July 1 2008 Expenditures Expenditures	Current Year Receipts		Accr (Defe	
Program Title Number Amount July 1, 2008 Expenditures Expenditures			Adjust- Reve	enue
U.S. Department of Agriculture Child Nutrition Cluster Passed through Michigan Department of Education Non-Cash assistance (commodities) National School Lunch Program 10.555 \$ 18,687 \$ - \$ - \$ 18,687	\$ 18,68 <u>7</u>	687 <u>\$ 18,687</u>	\$ - \$	<u>-</u>
Cash assistance National School Lunch Program 081950 Sec 4 Total Servings 10.555 2,638 - - 2,638 081950 Sec 11 Free and Reduced 5,789 - - 5,789 081965 USDA Commodity Recall 49 - - 49 091950 Sec 4 Total Servings 20,724 - - 20,724 091950 Sec 11 Free and Reduced 46,682 - - 46,682	2,638 5,789 - 20,724 46,682	789 5,789 49 - 724 20,724 682 46,682	- - 49 - -	- - - -
Total Department of Agriculture 75,882 U.S. Department of Education 94,569	75,833 94,520		<u>49</u> <u>49</u>	_
Passed through Michigan Department of Education 0917000809 Title I 84.010 58,066 58,066	58,066	066 58,066	_	-
Passed through Kalamazoo Regional Edu. Services Assoc. 0904500809 IDEA 84.027A 42,181 42,181	42,181	181 42,181	-	TIPE OF THE STREET
Passed through Michigan Department of Education 0942900809 Technology Literacy Challenge 84.318 500	500	500 500		494
Passed through Michigan Department of Education 0905200809 Improving Teacher Quality 84.367 31,086 - 31,086	31,086	086 31,086	_	-
Passed through Michigan Department of Education 0925250809 ARRA - State Fiscal Stabilization Fund 84.394 435,023 435,023)23	43	5,023
Total U.S. Department of Education 566,856	131,833	356 131,833	43	5,023
Total Federal Programs \$ - \$ 661,425	\$226,353	\$226,353	\$ 49 \$ 43	5,023

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

- 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

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements			
Type of auditor's report issued: Unqualified			
Internal control over financial reporting:			
Material weakness(es) identified?Significant deficiencies identified that are not consi	idered to be material weaknesses?	Yes Yes	_X_ No _X_ None reported
Noncompliance material to financial statements noted	?	Yes	X No
Federal Awards			
Internal control over major programs:			
Material weakness(es) identified?Significant deficiencies identified that are not cons	idered to be material weaknesses?	Yes Yes	XNo XNone reported
Type of auditor's report issued on compliance for majo	or programs: Unqualified		
Any audit findings disclosed that are required to be resection 510(a) of Circular A-133?	ported in accordance with	Yes	X No
Identification of major programs:			
CFDA Number(s)	Name of Federal Program or Cluster		
84.394	ARRA - State Fiscal Stabilization Fund		
Dollar threshold used to distinguish between type A a	llar threshold used to distinguish between type A and type B programs: \$300,000		00
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

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