

**DELTA-SCHOOLCRAFT
INTERMEDIATE SCHOOL DISTRICT
Escanaba, Michigan**

AUDIT REPORTS ON FEDERAL PROGRAMS

June 30, 2009

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Schneider, Larche,
Haapala & Co., PLLC

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

David P. Pechawer, C.P.A., P.C.

Denise M. Boyle, C.P.A., P.C.

Bruce D. Dewar, C.P.A.

Karen L. Meiers, C.P.A., P.C.

October 26, 2009

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Chairman and Members, Board of Education
Delta-Schoolcraft Intermediate School District
Escanaba, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delta-Schoolcraft Intermediate School District, Escanaba, Michigan, as of and for the year ended June 30, 2009, which collectively comprise the Delta-Schoolcraft Intermediate School District's basic financial statements and have issued our report thereon dated October 26, 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 the Delta-Schoolcraft Intermediate School District'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 the Delta-Schoolcraft Intermediate School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Delta-Schoolcraft Intermediate School District'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 Delta-Schoolcraft Intermediate School District'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 Delta-Schoolcraft Intermediate School District's financial statements that is more than inconsequential will not be prevented or detected by the Delta-Schoolcraft Intermediate School District'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 Delta-Schoolcraft Intermediate School District's internal control.

Our consideration of 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 the Delta-Schoolcraft Intermediate 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*.

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

Schneider, Laroche, Haapala & Company, PLLC

Certified Public Accountants



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October 26, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Chairman and Members, Board of Education
Delta-Schoolcraft Intermediate School District
Escanaba, Michigan

Compliance

We have audited the compliance of the Delta-Schoolcraft Intermediate 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, 2009. The Delta-Schoolcraft Intermediate 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 is the responsibility of the Delta-Schoolcraft Intermediate School District's management. Our responsibility is to express an opinion on the Delta-Schoolcraft Intermediate 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 the Delta-Schoolcraft Intermediate 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 on the Delta-Schoolcraft Intermediate School District's compliance with those requirements.



In our opinion, the Delta-Schoolcraft Intermediate 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, 2009.

Internal Control Over Compliance

The management of the Delta-Schoolcraft Intermediate 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 the Delta-Schoolcraft Intermediate 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Delta-Schoolcraft Intermediate School District'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 the internal control over compliance was for 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 the Delta-Schoolcraft Intermediate School District as of and for the year ended June 30, 2009, and have issued our report thereon dated October 26, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Delta-Schoolcraft Intermediate 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.

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

Schneider, Larsoke, Haapala, & Company, PLLC
Certified Public Accountants

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2009

Federal CFDA Number	Agency or Pass-Through Number	Approved Award Amount	Prior Years Expenditures	Accrued (Deferred) Revenue July 1, 2008	Current Year Receipts	Current Year Expenditures	Current Year Revenue Recognized	Accrued (Deferred) Revenue June 30, 2009
84.184L	Q184L060003	\$ 2,533,367	\$ 1,337,349	\$ 127,107	\$ 938,223	\$ 842,779	\$ 842,779	\$ 31,663
84.215F	Q215F050099	\$ 1,034,918	\$ 930,166	\$ 36,182	\$ 140,934	\$ 104,752	\$ 104,752	\$ -
		\$ 3,568,285	\$ 2,267,515	\$ 163,289	\$ 1,079,157	\$ 947,531	\$ 947,531	\$ 31,663
84.010	615700607	\$ 70,000	\$ 53,470	\$ 6,725	\$ 23,255	\$ 16,530	\$ 16,530	\$ -
TOTAL RECEIVED DIRECT								
Passed Through State Dept. of Education:								
ESEA Title I Regional Assistance Grant								
Federal Assistance for the Education of Handicapped Persons Title VI-B:								
84.027A	080450 0708	\$ 1,592,398	\$ 1,399,323	\$ 178,445	\$ 371,520	\$ 193,075	\$ 193,075	\$ -
84.027A	090450 0809	\$ 1,607,504	\$ -	\$ -	\$ 1,093,645	\$ 1,462,749	\$ 1,462,749	\$ 369,104
84.027A	080480 E OSD	\$ 50,000	\$ 50,000	\$ 1,831	\$ 1,831	\$ -	\$ -	\$ -
84.027A	090480 E OSD	\$ 50,000	\$ -	\$ -	\$ 46,399	\$ 50,000	\$ 50,000	\$ 3,601
84.027A	080490 TS	\$ 50,000	\$ 50,000	\$ 6,776	\$ 6,776	\$ -	\$ -	\$ -
84.027A	090490-TS	\$ 43,000	\$ -	\$ -	\$ 41,851	\$ 43,000	\$ 43,000	\$ 1,149
84.027A	100455-0910	\$ 872,919	\$ -	\$ -	\$ -	\$ 223,949	\$ 223,949	\$ 223,949
83.173	080460 0707	\$ 4,265,821	\$ 1,495,323	\$ 187,052	\$ 1,562,022	\$ 1,972,773	\$ 1,972,773	\$ 597,803
84.173	090460 0809	\$ 68,909	\$ 68,909	\$ 14,216	\$ 14,216	\$ -	\$ -	\$ -
		\$ 68,004	\$ -	\$ -	\$ 52,525	\$ 68,004	\$ 68,004	\$ 15,479
		\$ 136,913	\$ 68,909	\$ 14,216	\$ 66,741	\$ 68,004	\$ 68,004	\$ 15,479
		\$ 4,402,734	\$ 1,568,232	\$ 201,268	\$ 1,628,763	\$ 2,040,777	\$ 2,040,777	\$ 613,282
EDUCATION OF HANDICAPPED PERSONS (SPECIAL ED) CLUSTER TOTAL								
Education of Handicapped Act, Part C:								
84.181	081340 190	\$ 111,111	\$ 111,111	\$ 15,832	\$ 15,832	\$ -	\$ -	\$ -
84.181	091340 190	\$ 102,531	\$ -	\$ -	\$ 59,317	\$ 102,531	\$ 102,531	\$ 43,214
		\$ 213,642	\$ 111,111	\$ 15,832	\$ 75,149	\$ 102,531	\$ 102,531	\$ 43,214
84.048	083520 8012-02	\$ 310,279	\$ 310,279	\$ 45,029	\$ 45,029	\$ -	\$ -	\$ -
84.048	093520 90122	\$ 307,709	\$ -	\$ -	\$ 259,923	\$ 307,709	\$ 307,709	\$ 47,786
84.048	093530 90112	\$ 9,425	\$ -	\$ -	\$ 815	\$ 815	\$ 815	\$ -
		\$ 627,413	\$ 310,279	\$ 45,029	\$ 305,767	\$ 308,524	\$ 308,524	\$ 47,786
		\$ 5,313,789	\$ 2,043,092	\$ 268,854	\$ 2,032,934	\$ 2,468,362	\$ 2,468,362	\$ 704,282
TOTAL STATE PASS-THROUGH								

See Notes to Schedule of Expenditures of Federal Awards.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2009

Federal Grantor/Pass-Through/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Approved Award Amount	Prior Years Expenditures	Accrued (Deferred) Revenue July 1, 2008	Current Year Receipts	Current Year Expenditures	Current Year Revenue Recognized	Accrued (Deferred) Revenue June 30, 2009
Passed Through Marquette-Alger Regional Educational Services Agency: P.L. 94-142 UPAN (UPPER PEN AUTISM)	84.027A	090470-3D51	\$ 1,000	-	-	1,000	1,000	1,000	-
Tech Prep	84.243A	073540/7014-2	\$ 27,680	\$ 27,680	\$ 13,710	\$ 13,710	-	-	-
Tech Prep	84.243A	6621-4	\$ 27,283	-	-	25,485	27,283	27,283	1,798
MMPI State Improvement Grant	84.323A	070620-03001	\$ 6,200	\$ 6,200	\$ 6,200	\$ 6,200	-	-	1,798
TOTAL PASS-THROUGH MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICES AGENCY									
Passed Through Dickinson-Iron Intermediate School District: Mathematics and Science Partnerships	84.366B	MSPF2008	\$ 65,060	-	-	22,426	51,759	51,759	29,333
Passed Through Saginaw Valley State University: TSL Title II, Part B(1)	84.366B	072410-MSPF20	\$ 124,800	\$ 84,130	\$ 4,357	\$ 45,027	\$ 40,670	\$ 40,670	-
TSL Title II, Part B(2)	84.366B	082410-MSPF20	\$ 30,000	-	-	4,744	30,000	30,000	25,256
TSL Title II, Part B(3)	84.366B	092410-MSPF20	\$ 32,165	-	-	-	24,827	24,827	24,827
Passed Through Calhoun Intermediate School District: Data 4 Success	84.366B		\$ 186,965	\$ 84,130	\$ 4,357	\$ 49,771	\$ 95,497	\$ 95,497	\$ 50,083
Passed Through Michigan Technological University: THP	84.367	0708-0108	\$ 8,000	-	-	-	8,000	8,000	8,000
Passed Through Northern Michigan University: ESEA Title II, Part A (3)	84.367	070290-152	\$ 4,750	\$ 1,507	\$ 1,507	\$ 1,507	\$ 179	\$ 179	-
TOTAL U.S. DEPARTMENT OF EDUCATION									
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: Passed Through State Department of Community Health: Medical Assistance Program TIT: Outreach	93.778		\$ 121,455	\$ 23,054	\$ 5,484	\$ 5,484	-	-	-
U.S. DEPARTMENT OF LABOR: Passed Through Michigan Works WIA Youth ARRA	17.259	AA171280855	\$ 45,000	-	-	30,075	30,075	30,075	-
OTHER FINANCIAL ASSISTANCE: Revenue in lieu of taxes			\$ 3,000	-	-	-	3,000	3,000	3,000
TOTAL FEDERAL AWARDS									
			\$ 9,378,467	\$ 4,453,178	\$ 463,401	\$ 3,272,240	\$ 3,637,177	\$ 3,637,177	\$ 828,338

See Notes to Schedule of Expenditures of Federal Awards.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2009

- NOTE 1 -** Current year revenue recognized and expenditures reported in the Schedule of Expenditures of Federal Awards are presented on the modified accrual basis of accounting.
- NOTE 2 -** Federal revenues and expenditures reported in the School District's basic financial statements agree to revenues and expenditures per the Schedule of Expenditures of Federal Awards.
- NOTE 3 -** Expenditures reported in the Schedule of Expenditures of Federal Awards equal those amounts reported in annual or final cost reports.
- NOTE 4 -** The Grants Section Auditors Report (R7120) was utilized in preparing the Schedule of Expenditures of Federal Awards. The amounts reported on the R7120 agree with this schedule.
- NOTE 5 -** The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The School District qualifies as a low-risk auditee.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2009

Summary of Auditors' Results

- An unqualified opinion was issued on the School District's financial statements.
- No material weaknesses or significant deficiencies in internal control relating to the audit of the financial statements were noted.
- No instances of noncompliance were noted during the audit that were material to the School District's financial statements.
- No material weaknesses or significant deficiencies in internal control relating to the audit of the major federal award programs were noted.
- An unqualified opinion was issued on the School District's compliance with the requirements applicable to its major federal award programs.
- The audit disclosed no findings or questioned costs that are required to be reported herein.
- The School District's major programs during the year ended June 30, 2009 were Federal Assistance for the Education of Handicapped Persons, Title VI-B, CFDA Numbers 84.027A and 84.173 (Special Education Cluster), Safe and Drug-free School and Communities, CFDA Number 84.184L, and Perkins, CFDA Number 84.048A.
- The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- The School District qualifies as a low-risk auditee.

Findings Related to the Financial Statements Required to be Reported Under "Government Auditing Standards"

None

Findings and Questioned Costs for Federal Awards

None

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the year ended June 30, 2009

No corrective action plan is required for the year ended June 30, 2009 since there were no findings or questioned costs (see page 9).

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2009

There were no material findings, questioned costs, or material weaknesses noted during the audit for the year ended June 30, 2008. Accordingly, no follow-up was required during the current year audit.