

SOUTH LAKE SCHOOLS
St. Clair Shores, Michigan

**SUPPLEMENTARY INFORMATION TO BASIC
FINANCIAL STATEMENTS**

(FEDERAL AWARDS)

FOR THE YEAR ENDED JUNE 30, 2011



SOUTH LAKE SCHOOLS

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY FINANCIAL INFORMATION**

To the Board of Education
South Lake Schools
St. Clair Shores, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Lake Schools, as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 7, 2011. Those financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on those 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Lake Schools' basic financial statements. The accompanying Schedule of Expenditures of Federal Awards presented on pages 6 through 8 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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.

Stewart, Beauvais & Whipple
Certified Public Accountants

October 7, 2011

**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
South Lake Schools
St. Clair Shores, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Lake Schools as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon, dated October 7, 2011. 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 Financing Reporting

In planning and performing our audit, we considered South Lake Schools' 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Lake 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of South Lake Schools, in a separate letter dated October 7, 2011.

This report is intended solely for the information and use of the management, the Board of Education of South Lake Schools, 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.

Stewart, Beavon & Whipple
Certified Public Accountants

October 7, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

To the Board of Education
South Lake Schools
St. Clair Shores, Michigan

Compliance

We have audited South Lake Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of South Lake Schools' major federal programs for the year ended June 30, 2011. South Lake 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 South Lake Schools' management. Our responsibility is to express an opinion on South Lake 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 South Lake 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 for our opinion. Our audit does not provide a legal determination on South Lake Schools' compliance with those requirements.

As described in items 11-01 through 11-03 in the accompanying schedule of findings and questioned costs South Lake Schools did not comply with requirements regarding allowable costs/cost principles that are applicable to its Title I Cluster, Part A and Special Education (IDEA) Cluster programs. Compliance with such requirements is necessary, in our opinion, for South Lake Schools to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, South Lake Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of South Lake Schools 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 South Lake Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine 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, 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 South Lake Schools' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-01 through 11-03 to be material weaknesses.

South Lake Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit South Lake Schools' responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management and the Board of Education of South Lake Schools, 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.


Certified Public Accountants

October 7, 2011

SOUTH LAKE SCHOOLS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue June 30, 2010	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2011
U.S. DEPARTMENT OF AGRICULTURE -							
Passed through Michigan Department of Education:							
Child Nutrition Cluster -							
National School Lunch Breakfast Program - Breakfast -	10.553						
101970 2009-10 Program		\$ 66,372	\$ -	\$ 60,436	\$ 5,936	\$ 5,936	\$ -
111970 2010-11 Program		78,646	-	-	78,646	78,646	-
		<u>145,018</u>	<u>-</u>	<u>60,436</u>	<u>84,582</u>	<u>84,582</u>	<u>-</u>
National School Lunch Program -	10.555						
Sec. 4 - All Lunches -							
101950 2009-10 Program		42,056	-	37,258	4,798	4,798	-
111950 2010-11 Program		43,857	-	-	43,857	43,857	-
Sec. 11 - Free and Reduced -							
101960 2009-10 Program		284,542	-	254,578	29,964	29,964	-
111960 2010-11 Program		276,979	-	-	276,979	276,979	-
USDA Commodities (non-cash) - Entitlement		42,623	-	-	35,927	35,927	-
		<u>690,057</u>	<u>-</u>	<u>291,836</u>	<u>391,525</u>	<u>391,525</u>	<u>-</u>
Total Child Nutrition Cluster		<u>835,075</u>	<u>-</u>	<u>352,272</u>	<u>476,107</u>	<u>476,107</u>	<u>-</u>
Total U.S. Department of Agriculture		<u>835,075</u>	<u>-</u>	<u>352,272</u>	<u>476,107</u>	<u>476,107</u>	<u>-</u>
U.S. DEPARTMENT OF LABOR -							
Passed Through Macomb County Intermediate School District:							
Workforce Investment Act -	17.259						
11-16605		28,039	-	-	24,095	19,414	4,681
Total U.S. Department of Labor		<u>28,039</u>	<u>-</u>	<u>-</u>	<u>24,095</u>	<u>19,414</u>	<u>4,681</u>

Continued

SOUTH LAKE SCHOOLS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue June 30, 2010	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2011
U.S. DEPARTMENT OF EDUCATION -							
Passed Through Michigan Department of Education:							
Educationally Deprived Children - Title I Cluster-	84.010						
Title I Part A Imp. Basic Program							
101530-0910		\$ 299,856	\$ 58,042	\$ 285,911	\$ -	\$ 58,042	\$ -
111530-1011		311,887	-	-	238,110	206,829	31,281
		<u>611,743</u>	<u>58,042</u>	<u>285,911</u>	<u>238,110</u>	<u>264,871</u>	<u>31,281</u>
 ARRA Title I Part A, Recovery Act	 84.389						
101535-0910		163,722	2,051	101,413	-	2,051	-
111535-1011		62,309	-	-	62,309	62,309	-
		<u>226,031</u>	<u>2,051</u>	<u>101,413</u>	<u>62,309</u>	<u>64,360</u>	<u>-</u>
 Total Title I, Part A Cluster		 <u>837,774</u>	 <u>60,093</u>	 <u>387,324</u>	 <u>300,419</u>	 <u>329,231</u>	 <u>31,281</u>
 Improving Teacher Quality - Title II Part A Teacher Training	 84.367						
100520-0910		105,596	8,104	97,646	-	8,104	-
110520-1011		114,503	-	-	101,514	98,541	2,973
		<u>220,099</u>	<u>8,104</u>	<u>97,646</u>	<u>101,514</u>	<u>106,645</u>	<u>2,973</u>
 State Fiscal Stabilization Funds (SFSF): ARRA Education State Grants, Recovery Act (Education Stabilization Fund)	 84.394						
112525-1011		275,529	-	-	275,529	275,529	-
 Education Jobs Fund:	 84.410A						
112545-1011		265,226	-	-	146,998	146,998	-
 Total Passed Through Michigan Department of Education		 <u>1,598,628</u>	 <u>68,197</u>	 <u>484,970</u>	 <u>824,460</u>	 <u>858,403</u>	 <u>34,254</u>

Continued

SOUTH LAKE SCHOOLS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue June 30, 2010	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2011
Passed Through Macomb County Intermediate School District:							
Special Education Cluster (IDEA) - Handicapped Preschool and School Program - PL 94-142 Flowthrough - 100450-0910 Carryover	84.027	\$ 408,839	\$ 65,786	\$ 195,322	\$ 213,517	\$ 279,303	\$ -
110450-1011 Regular		428,857	-	-	339,469	242,532	96,937
		<u>837,696</u>	<u>65,786</u>	<u>195,322</u>	<u>552,986</u>	<u>521,835</u>	<u>96,937</u>
Special Education Preschool Grants - PL 94-142 Preschool Incentive - 110460-1011	84.173	17,447	-	-	17,447	17,447	-
ARRA Handicapped School Program - Special Education, IDEA Part B, Recovery Act	84.391	473,447	59,331	234,547	238,900	268,379	29,852
Total Special Education (IDEA) Cluster		<u>1,328,590</u>	<u>125,117</u>	<u>429,869</u>	<u>809,333</u>	<u>807,661</u>	<u>126,789</u>
Voc Ed Basic Grants to States - Special Needs - 113520/111216	84.048	15,000	-	-	15,000	15,000	-
Total Passed Through Macomb County Intermediate School District		<u>1,343,590</u>	<u>125,117</u>	<u>429,869</u>	<u>824,333</u>	<u>822,661</u>	<u>126,789</u>
Passed Through Warren Woods Public Schools: Foreign Language Assistance Grant	84.293B	81,164	-	-	63,664	63,664	-
Total Passed Through Warren Woods Public Schools		<u>81,164</u>	<u>-</u>	<u>-</u>	<u>63,664</u>	<u>63,664</u>	<u>-</u>
Total U.S. Department of Education		<u>3,023,382</u>	<u>193,314</u>	<u>914,839</u>	<u>1,712,457</u>	<u>1,744,728</u>	<u>161,043</u>
TOTAL FEDERAL AWARDS		<u>\$ 3,886,496</u>	<u>\$ 193,314</u>	<u>\$ 1,267,111</u>	<u>\$ 2,212,659</u>	<u>\$ 2,240,249</u>	<u>\$ 165,724</u>

The accompanying notes are an integral part of this schedule.

Concluded

SOUTH LAKE SCHOOLS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The School District administers a number of federal grants, which are paid under reimbursement arrangements in which the District bills the Michigan Department of Education or other pass-through grantors for allowable costs incurred. The programs identified on the Schedule of Expenditures of Federal Awards are reported in the General and Special Revenue Funds of the District.

Revenue has been accrued at June 30, 2011, to match allowable expenditures incurred during the year for each program. Grant funds received in advance that are in excess of incurred costs have been reflected as deferred revenue. All year-end accruals are considered to have met the modified accrual basis revenue recognition criteria of measurability and availability. USDA commodities have been recognized as revenue when received by the District.

NOTE 2 - NONCASH ASSISTANCE:

The value of the noncash assistance (commodities) 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 in preparing the schedule of expenditures of federal awards.

**NOTE 4 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) AWARD
EXPENDITURES:**

The following is a summary of ARRA Award Expenditures as reported in the Statement of Expenditures of Federal Awards:

<u>CFDA No.</u>	<u>Program Title</u>	<u>Amount</u>
# 84.389	Title I, Part A	\$ 62,309
# 84.394	State Fiscal Stabilization Fund	275,529
# 84.391	Handicapped School Program	<u>238,900</u>
		<u>\$ 576,738</u>

SOUTH LAKE SCHOOLS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section I - Summary Of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified

Internal controls over financial reporting:
 Material weakness(es) identified? _____ yes x no
 Significant deficiency(ies) identified 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? x yes _____ no
 Significant deficiency(ies) identified not considered to be material weaknesses? _____ yes x none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A - 133, Section 510(a)? x yes _____ no

Identification of Major Program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA #84.010 CFDA #84.389	Title I, Part A Cluster - Title I ARRA Title I, Recovery Act
CFDA #84.027	Special Education (IDEA) Cluster - Handicapped Preschool and School Program
CFDA #84.173 CFDA #84.391	Special Education Preschool Grants ARRA Handicapped School Program
CFDA #10.553 CFDA #10.555	Child Nutrition Cluster - National School Breakfast Program National School Lunch Program

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

Auditee qualified as low-risk auditee? _____ yes x no

Section II - Financial Statement Findings:

There were no financial statement findings.

Section III - Federal Award Findings and Questioned Costs:

11-01

Programs: Special Education Cluster #84.027/173/391

U.S. Department of Education Handicapped PL 94-142 Flowthrough, U.S. Department of Education Handicapped PL 94-142 Preschool Incentive, and Special Education, IDEA Part B, Recovery Act Passed Through the Macomb County Intermediate School District

Criteria: The Michigan Department of Education and the Federal Office of Management and Budget require that individuals working on federal grants provide supporting documentation of services performed such as personal activity reports (timesheets) for those employees who work less than 100% of their time under one program or cost objective. If an individual works 100% under one cost objective, a certification to that effect may be prepared.

Condition: Signed time certifications were used to support time spent for individuals that charge less than 100% of their time on the Special Education, IDEA grant. The certifications indicated that a certain percentage of the employees time was spent on the Special Education IDEA grant with the remaining percentage “not performing services under the grant” or “not working under the grant.” Total salaries and benefits for these individuals charged to the grant was approximately \$479,614.

Questioned Cost: \$0.

Context: We reviewed the documentation supporting the allocation method for all employees charged to the Special Education Cluster.

Effect: The School District may not be accurately charging individual’s time to the grant.

Cause: Although the District appears aware of the requirement for supporting documentation, through subsequent discussions with management, it appears that the District’s time certifications were prepared incorrectly. Management indicated that the employee only worked in one “cost objective” however because of the amount of grant funds available, the certifications were only prepared for the amount allocated to the grant.

Recommendation: The School District should either have the employees certify that 100% of their time was spent on one “cost objective” or if not spent on one “cost objective” than personal activity reports (PAR’s) should be prepared accounting for 100% of the employees’ time.

Views of Responsible Official and Planned Corrective Action: All employees worked 100% in the same cost objective. Because the grant funds were limited, we reduced the cost percentages to account for the available funds. We will have employees certify that 100% of their time was spent on one cost objectives or if not spent on one cost objective then personal activity reports will be completed. We plan to review grant certifications on a semi-annual basis for accuracy and completion.

11-02

Programs: Title I, Part A Cluster

U.S. Department of Education Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act Passed Through the Michigan Department of Education.

Criteria: The Federal Office of Management and Budget requires that those individuals working on more than one cost objective, that include federal grants, charge their time to the federal grants using personal activity reports or time sheets. Budget estimates are allowable as long as at least quarterly, comparisons of actual costs to budgeted distributions are made.

Condition: Employees who were charged less than 100% to Title I were charged based on budget. However, no reconciliations were performed to actual time documented on personal activity reports throughout the year.

Questioned Cost: \$0.

Context: We tested the schedule of actual wages from the PAR's to the estimated amount charged for the entire year, as subsequently prepared by the District, and noted that wages per the PAR's were greater than the amount charged to the grant.

Effect: The School District may not be accurately charging individuals time to the grant throughout the year.

Cause: The District was not aware of the requirement for reconciling the actual vs. estimated time distribution on at least a quarterly basis.

Recommendation: The School District should develop a method to ensure actual time spent on an activity is used to charge salaries and fringes for federal grants or if budget amounts are utilized that reconciliations are done at least quarterly.

Views of Responsible Official and Planned Corrective Action: We will be reviewing personal activity reports to verify employees are filling out to account for 100% of their time.

We are putting a procedure in place to verify the completion of Personal Activity Reports (PAR) in a timely manner. These documents will be reviewed by building Administration and the Business Office.

11-03

U.S. Department of Education Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act Passed Through the Michigan Department of Education.

Criteria: The Federal Office of Management and Budget requires that those individuals working on more than one cost objective, that include federal grants, use personal activity reports (time sheets), or an equivalent after-the fact distribution of activity, that account for the total activity for which they are compensated and must be signed by the employee.

Condition: Employees prepared time sheets however they did not account for their total time for which they were compensated, rather only the time allowable under Title I; and, one employee did not sign any of the timesheets that were tested. Total salary and fringes for these individuals charged to the grants was \$103,233.

Questioned Cost: There were no questioned costs since the employees did account for their time while working on the federal grants. However, the specific federal requirements for proper documentation were not followed.

Context: Two (2) employees out of seven (7) did not account for their total time for 100% of the year and one of the same employees also did not sign their time sheets.

Effect: The School District may not be accurately charging individuals time to the grant.

Cause: The employees were not aware that they are required to account for 100% of their time.

Recommendation: The School District should develop a method to ensure time sheets are completed for each time period, accounting for the employees' total time and are signed by the employees.

Views of Responsible Official and Planned Corrective Action: We will be reviewing Personal Activity Reports (PAR) to verify employees are filling out for 100% of their time. We are attempting to charge 100% of the employees' time to the cost objective.

We are putting a procedure in place to verify the completion of Personal Activity Reports in a timely manner. These documents will be reviewed by building Administration and the Business Office.

Section IV - Prior years Findings and Questioned Costs:

See management's follow-up memo on status of prior year's single audit findings.

To: Federal Grantors and Flow Through Agencies
From: South Lake School's Management
Response: Follow-up on Single Audit Findings for 2010
Date: October 7, 2011

Response to 2010-01 Finding: Procedures were put in place for the 2010-2011 school year. Additional procedures are being implemented to verify accuracy of completed forms.

Response to 2010-02 Finding: Recordkeeping was addressed and discussed among staff and administration. Staff has been notified that they need to account for all time worked. New PAR sheets were issued and reviewed by Administration.