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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

March 24, 2006

Daniel D. Curry, Ed. D.
Superintendent
Lake Forest School District
Felton, Delaware

and

Valerie Woodruff
Secretary of Education
Department of Education
Dover, Delaware

SUBJECT: LAKE FOREST SCHOOL DISTRICT CONSTRUCTION

We have performed the procedures enumerated below, which were agreed to by Lake Forest School District, the State of Delaware, Department of Education and the State of Delaware, Office of Auditor of Accounts, solely to assist you in evaluating whether the School District complied with 29 Del. C. c. 75, the State of Delaware Budget and Accounting Manual, and the Department of Education's School Construction Technical Assistance Manual for the fiscal year ended June 30, 2005. This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards* [GAS (2003)] issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants that have been incorporated by the GAS (2003). The School District's management is responsible for complying with 29 Del. C. c. 75, the State of Delaware Budget and Accounting Manual, and the Department of Education's School Construction Technical Assistance Manual. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We determined that the School District complied with the prior fiscal year's recommendations, if applicable, by reviewing these recommendations and verifying through inquiry and observation that the recommendations have been implemented.

   There were no recommendations in the prior fiscal year.

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2. We determined that prior fiscal year and fiscal year 2005 construction project records were accurate and expenditures were made in accordance with the intent of the project scope mandated by the General Assembly, the Local Board of Education and the Department of Education by applying the procedures described in the construction program checklist prepared by the State of Delaware, Office of Auditor of Accounts.

   Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

3. We reviewed the School District's Schedule of Construction Projects (See Exhibit A) pertaining to all activity for fiscal year 2005 and determined that this information was accurate and complete. We agreed current year expenditures and unspent balances to the DFMS cumulative budgetary activity report for June 30, 2005. In addition, we verified funding amounts against certificates of necessity authorizing such amounts.

   Our procedures disclosed no instances of noncompliance that resulted in adjustments or findings and recommendations.

The results of our procedures were discussed and fully explained to Ms. Maryellen B. Brown at a conference held on March 24, 2006.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the School District's compliance with 29 Del. C. c. 75, the State of Delaware, Budget and Accounting Manual, and the Department of Education's School Construction Technical Assistance Manual. Accordingly, we did not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the information and use of the School District management and Board Members, Department of Education, Office of the Governor, Office of Controller General, Office of Attorney General, Office of Management and Budget, Department of Finance and Office of Auditor of Accounts, and is not intended to be and should not be used by anyone other than these specified parties. However, under 29 Del. C., Section 10002(d), this report is a public record and its distribution is not limited.

Barbacane, Thornton & Company

BARBACANE, THORNTON & COMPANY

Enclosure

/cep

EXHIBIT 'A'

LAKE FOREST SCHOOL DISTRICT
SCHEDULE OF CONSTRUCTION PROJECTS
FISCAL YEAR 2005

Project Name	Fiscal Year	Original Funding Amount	Deauth/Funding Amount	Total Project Funding To Date	Expended Current FY	Expended Prior FY	Total Project Expended To Date	Total Unspent at 6/30/05
New Elementary School	00	$ 8,657,100	$ (158,686)	$ 8,498,414	$ -	$ 8,498,414	$ 8,498,414	$ -
W.T. Chipman Renov	00	1,980,300	-	1,980,300	25,803	1,954,370	1,980,173	127
	01	1,980,100	(22,062)	1,958,038	121,023	1,800,544	1,921,567	36,471
High School Renov	00	1,930,300	-	1,930,300	-	1,930,300	1,930,300	-
	01	1,930,200	(97,073)	1,833,127	81,105	1,728,340	1,809,445	23,682
South A Elementary	00	1,897,900	-	1,897,900	45,055	1,852,845	1,897,900	-
East Elementary School	00	2,500,000	(59,000)	2,441,000	23,389	2,417,611	2,441,000	-
	01	967,200	(1,015)	966,185	5,383	960,802	966,185	-
North Elementary School	00	1,875,000	178,929	2,053,929	-	2,053,929	2,053,929	-
	01	2,023,400	158,491	2,181,891	-	2,181,891	2,181,891	-
Totals		$ 25,741,500	$ (416)	$ 25,741,084	$ 301,758	$ 25,379,046	$ 25,680,804	$ 60,280