LAKE FOREST SCHOOL DISTRICT

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Valerie A. Woodruff
Secretary, Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Dr. Daniel D. Curry
Superintendent
Lake Forest School District
5423 Killens Pond Road
Felton, DE 19443

Dear Secretary Woodruff and Dr. Curry:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and School District (District), solely to assist you, the specified parties, in evaluating the compliance and effectiveness of the District's internal control over compliance with DE Code Chapters 13 and 17, Senate Bill 385 and DE Admin Code Section 525. Procedures were performed for student accounting and enrollment as of September 30, 2007. In addition, procedures were performed for authorized positions and occupational-vocational unit Division II funding for fiscal year ended June 30, 2007. Management is responsible for the District's internal control over compliance with the requirements related to the above areas.

This agreed-upon procedures attestation engagement was performed in accordance with Government Auditing Standards (2003) issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. 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:

STUDENT ENROLLMENT

Agreed-Upon Procedure Number 1: Determine if the District's policies and procedures for preparing, reviewing and reporting the September 30 student count are adequate.

Finding: The State of Delaware's regulations provide guidance on processes it considers necessary for adequate internal controls over preparing, reviewing and reporting the September 30 student count. We obtained the District's written policies and procedures regarding the September 30 student count. Our review of such determined that the necessary processes identified by the State of Delaware are adequately included in the District's written policies and procedures.

Agreed-Upon Procedure Number 2: Determine if the District properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

Finding: The District properly reported enrollment figures to the DOE.

Agreed-Upon Procedure Number 3: Select ten percent (10%) or a minimum of five "Individualized Education Program" (IEP) files at each school to verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services (AMSES) and calculate the dollar impact of disallowed students, if applicable.

Finding: All files selected were current and contained the required documentation in accordance with the DOE's Administrative Manual for Special Education Services.

Agreed-Upon Procedure Number 4: Select ten percent (10%) or a minimum of five students enrolled in the Cooperative Education and Diversified Education Programs and confirm that the students' files contain the required documentation in accordance with the DOE's Administrative Directives and calculate the dollar impact of disallowed students, if applicable.

Finding: All files selected were current and contained the required documentation in accordance with the DOE's Administrative Directives.

AUTHORIZED POSITIONS

Agreed-Upon Procedure Numbers 1 and 2:

- Determine if the District's control procedures for monitoring, tracking and reconciling the number of employees are adequate.
- Determine if the District's control procedures for monitoring and tracking salaries charged to the State's general fund are adequate.

Finding: The State of Delaware's regulations provide guidance on processes it considers necessary for adequate internal controls over monitoring, tracking and reconciling the number of employees and for internal controls over monitoring and tracking salaries charged to the State's general fund. We obtained the District's written policies and procedures regarding these controls. Our review determined that the necessary processes identified by the State of Delaware are adequately included in the District's written policies and procedures.

Agreed-Upon Procedure Number 3: Compare the number of paid positions by category to the number of authorized positions per 14 DE Code, Chapters 13 and 17.

Finding: The District is operating within its number of authorized positions by category.

Agreed-Upon Procedure Number 4: Recalculate the annual salary of the following selected positions to determine if employees were paid in accordance with 14 DE Code, Chapter 13.

Superintendents	100%
Assistant Superintendents	100%
Principals	100%
Directors	100%
Classroom Teachers	10%

Finding: All employees selected, as detailed above, were found to be correctly paid in accordance with 14 DE Code, Chapter 13.

OCCUPATIONAL-VOCATIONAL UNIT DIVISION II FUNDS

Agreed-Upon Procedure Number 1: Obtain confirmation from the DOE if the District was granted a waiver of the 90% requirement to allocate the occupational-vocational unit Division II funding to each school that generated the funding.

Finding: The District chose not to request a waiver from the DOE.

Agreed-Upon Procedure Number 2: Review expenditure documents to determine if FY06 and FY07 occupational-vocational funds expended from July 1, 2006 through June 30, 2007 were (1) expended for State-approved occupational-vocational courses and programs within the District, (2) supported by adequate documentation and (3) properly coded in the Delaware Financial Management System (DFMS).

Finding: All expenditures examined relating to FY06 and FY07 occupational-vocational funding, were determined to be (1) expended for State-approved courses and programs within the District, (2) supported by adequate documentation and (3) were properly coded in DFMS.

Agreed-Upon Procedure Number 3: Review financial records to determine if FY06 and FY07 occupational-vocational funds were properly allocated to and spent by the schools within the District that generated the funding.

Finding: It is our determination that FY06 and FY07 occupational-vocational funds as of June 30, 2007 were properly allocated to and spent by the schools within the District that generated the funding.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do 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 solely for the information and use of the DOE and the District and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures

for their purposes. However, this report is a matter of public record, and its distribution is not limited. This report, as required by statute, was provided to the Office of Auditor of Accounts, Office of the Governor, Office of Controller General, Office of Attorney General, Office of Management and Budget, and Secretary of Finance.

Belfint, Lyons & Shuman, P.A.

January 8, 2008
Wilmington, Delaware