

SCHOOL DISTRICT U-46

**SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

SCHOOL DISTRICT U-46

Single Audit For the Fiscal Year Ended June 30, 2009 Table of Contents

	Page
Annual Federal Financial Compliance Report (Cover Sheet)	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2-3
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	4-5
Schedule of Expenditures of Federal Awards	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-10
Corrective Action Plan for Current Year Audit Findings	11
Summary Schedule of Prior Year Audit Findings	12-13

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2009

DISTRICT/JOINT AGREEMENT NAME School District U-46	RCDT NUMBER 31-045-0460-22	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-004133	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) José M. Torres		NAME AND ADDRESS OF AUDIT FIRM Wermer, Rogers, Doran & Ruzon, LLC 755 Essington Road Joliet	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 355 E. Chicago Street Elgin, IL 60120-6543		E-MAIL ADDRESS erm@wrdr.com	
		NAME OF AUDIT SUPERVISOR Edward R. Marso	
		CPA FIRM TELEPHONE NUMBER (815)730-6250	FAX NUMBER (815)730-6257

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE A-133 SINGLE AUDIT REPORT:

- ☒ A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to ISBE (either with the audit or under separate cover).
- ☒ Financial Statements including footnotes § .310 (a)
- ☒ Schedule of Expenditures of Federal Awards including footnotes § .310 (b)
- ☒ Independent Auditor's Report § .505
- ☒ Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* § .505
- ☒ Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 § .505
- ☒ Schedule of Findings and Questioned Costs § .505 (d)
- ☒ Summary Schedule of Prior Year Audit Findings § .315 (b)
- ☒ Corrective Action Plan § .315 (c)

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- ☐ Copy of Federal Data Collection Form § .320 (b)



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

755 ESSINGTON ROAD, JOLIET, ILLINOIS 60435 • 815/730-6250 • FAX 815/730-6257 • WWW.WRDR.COM

To the Board of Education
School District U-46
355 E. Chicago St.
Elgin, IL 60120

**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**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District U-46 (District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 21, 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 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency in internal control over financial reporting.

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 District'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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to management of the District in a separate letter dated September 21, 2009

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information of School District U-46's Board of Education, management, others within the organization, the Illinois State Board of Education, 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.

Werner, Rogers, Doran + Reardon, LLC

September 21, 2009



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

755 ESSINGTON ROAD, JOLIET, ILLINOIS 60435 • 815/730-6250 • FAX 815/730-6257 • WWW.WRDR.COM

To the Board of Education
School District U-46
355 E. Chicago St.
Elgin, IL 60120

**Report on Compliance With Requirements Applicable
to Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of School District U-46 (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 District's 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 the District's management. Our responsibility is to express an opinion on the 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 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 of the District's compliance with those requirements.

In our opinion, the 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 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 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 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 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 the District, as of and for the year ended June 30, 2009, and have issued our report thereon dated September 21, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the 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 for the information and use of School District U-46's Board of Education, management, others within the organization, the Illinois State Board of Education, 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.

Wernier, Rogers, Doran + Ruggen, LLC

September 21, 2009

SCHOOL DISTRICT U-46
31-045-0460-22
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
Year Ending June 30, 2009

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number (A)	ISBE Project # (1st 8 digits) or Contract # (B)	Receipts/Revenues		Expenditure/Disbursements		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/07-6/30/08 (C)	Year 7/1/08-6/30/09 (D)	Year 7/1/07-6/30/08 (E)	Year 7/1/08-6/30/09 (F)			
U.S. Department of Agriculture:									
<i>Flow-Through From the Illinois State Board of Education:</i>									
National School Lunch Program	10.555	2008-4210	\$ 4,902,189	\$ 926,046	\$ 4,902,189	\$ 926,046	\$ -	\$ 5,828,235	n/a
National School Lunch Program	10.555	2009-4210	-	5,642,437	-	5,642,437	-	5,642,437	n/a
School Breakfast Program	10.553	2008-4220	928,000	152,215	928,000	152,215	-	1,080,215	n/a
School Breakfast Program	10.553	2009-4220	-	1,216,863	-	1,216,863	-	1,216,863	n/a
Fresh Fruits & Vegetables	10.582	2009-4240-00	-	6,434	-	6,434	-	6,434	n/a
Fresh Fruits & Vegetables	10.582	2009-4240-09	-	20,921	-	20,921	-	20,921	n/a
Child Nutrition Commodity/Salvage	10.550	2009-4250	-	2,651	-	2,651	-	2,651	n/a
<i>Non-Cash Commodities Received:</i>									
Department of Agriculture - Food Distribution	10.550	2008	666,106	-	666,106	-	-	666,106	n/a
Department of Agriculture - Food Distribution	10.550	2009	-	667,214	-	667,214	-	667,214	n/a
Department of Defense - Fresh Fruits and Vegetables	10.550	2008	66,776	-	66,776	-	-	66,776	n/a
Department of Defense - Fresh Fruits and Vegetables	10.550	2009	-	107,430	-	107,430	-	107,430	n/a
Total U.S. Department of Agriculture			6,563,071	8,742,211	6,563,071	8,742,211	-	15,305,282	n/a
U.S. Department of Education									
<i>Direct Awards:</i>									
Teaching American History	84.215X	2008-4981	232,023	-	183,719	48,304	-	232,023	n/a
Teaching American History	84.215X	2009-4981	-	252,301	-	220,289	-	220,289	n/a
Smaller Learning Communities	84.215L	2008	74,041	-	74,041	-	-	74,041	n/a
<i>Flow-Through From the Illinois State Board of Education:</i>									
Title V Formula	84.298A	2008-4100	62,001	-	46,879	10,247	-	57,126	63,003
Title V Formula	84.298A	2009-4100	-	1,002	-	5,877	-	5,877	5,877
Title I - Low Income	84.010A	2008-4300	5,814,492	39,061	3,686,263	1,596,510	-	5,282,773	5,902,730
Title I - Low Income	84.010A	2009-4300	-	3,440,332	-	3,631,718	40,000	3,671,718	5,863,718
Title I - Low Income- Neglected Priv.	84.010A	2008-4305	169,674	6,018	74,405	94,999	-	169,404	175,692
Title I - Low Income- Neglected Priv.	84.010A	2009-4305	-	37,766	-	44,054	-	44,054	44,054
Evenstart	84.213C	2008-4335	113,875	8,656	122,531	-	-	122,531	122,531
Title IV - Safe & Drug Free Schools - Formula	84.186A	2008-4400	131,359	1,340	118,025	11,816	-	129,841	138,962
Title IV - Safe & Drug Free Schools - Formula	84.186A	2009-4400	-	92,371	-	92,665	103	92,768	120,856
Title IV - 21st Century Community Learning Centers	84.287C	2008-4421-07	268,128	2,972	241,366	29,734	-	271,100	271,100
Title IV - 21st Century Community Learning Centers	84.287C	2009-4421-07	-	273,006	-	255,806	10,520	266,326	284,700
IDEA Pre-School	84.173A	2008-4600	157,197	-	157,197	-	-	157,197	157,197
IDEA Pre-School	84.173A	2009-4600	-	169,982	-	169,982	-	169,982	169,982
IDEA Flowthrough	84.027A	2008-4620	6,461,025	426,322	6,441,025	422,643	-	6,863,668	6,887,347
IDEA Flowthrough	84.027A	2009-4620	-	7,034,930	-	6,213,613	1,021,503	7,235,116	7,235,116
IDEA Room & Board	84.027A	2008-4625-00	191,489	77,951	191,489	77,951	-	269,440	n/a
IDEA Room & Board	84.027A	2008-4625-XC	-	145,776	-	145,776	-	145,776	n/a
IDEA Room & Board	84.027A	2009-4625-00	-	179,682	-	179,682	-	179,682	n/a
ARRA - General State Aid - Education Stabilization (M)	84.394A	2009-4850	-	15,769,066	-	15,769,066	-	15,769,066	n/a
Title III - Language Instr. Program - Limited English	84.365A	2008-4909	1,412,877	-	1,180,557	232,320	-	1,412,877	1,828,906
Title III - Language Instr. Program - Limited English	84.365A	2009-4909	-	865,255	-	723,515	88,087	811,602	1,583,221

SCHOOL DISTRICT U-46
31-045-0460-22
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
Year Ending June 30, 2009

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number (A)	ISBE Project # (1st 8 digits) or Contract # (B)	Receipts/Revenues		Expenditure/Disbursements		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/07-6/30/08 (C)	Year 7/1/08-6/30/09 (D)	Year 7/1/07-6/30/08 (E)	Year 7/1/08-6/30/09 (F)			
Title II - Teacher Quality	84.367A	2008-4932	\$ 1,200,180	\$ -	\$ 1,102,638	\$ 1,155	\$ -	\$ 1,103,793	\$ 1,200,180
Title II - Teacher Quality	84.367A	2009-4932	-	668,893	-	706,266	55,994	762,260	1,298,532
Technology - Enhancing Education - Formula	84.318X	2008-4971	66,501	5,209	60,317	8,702	-	69,019	71,710
Technology - Enhancing Education - Formula	84.318X	2009-4971	-	49,026	-	48,295	53	48,348	51,717
All Day Kindergarten	84.215K	2008-4999-02	164,708	3,118	167,826	-	-	167,826	167,826
Total Flow-Through From the Illinois State Board of Education			16,213,506	29,297,734	13,590,518	30,472,392	1,216,260	45,279,170	n/a
Flowthrough From Northern Kane County Regional Vocational System:									
Perkins IIC Grant	84.048A	2008-4745	148,659	164,053	210,207	102,502	-	312,709	n/a
Perkins IIC Grant	84.048A	2009-4745	-	172,368	-	333,273	-	333,273	n/a
Total Flow-Through From Northern Kane County Regional Vocational System			148,659	336,421	210,207	435,775	-	645,982	n/a
Flowthrough From the Illinois Community College Board:									
Adult Ed Basic	84.002	2008-4810	142,070	-	142,070	-	-	142,070	142,070
Adult Ed Basic	84.002	2009-4810	-	128,229	-	128,229	-	128,229	144,798
Total Flow-Through From the Illinois Community College Board			142,070	128,229	142,070	128,229	-	270,299	286,868
Flowthrough From the Illinois Department of Human Services:									
Department of Rehabilitation Services	84.126	30081440A	29,304	-	29,304	-	-	29,304	n/a
Department of Rehabilitation Services	84.126	30081440R	20,234	-	20,234	-	-	20,234	n/a
Department of Rehabilitation Services	84.126	940CK001618	-	72,556	-	72,556	-	72,556	n/a
Total Flow-Through From the Illinois Department of Human Services			49,538	72,556	49,538	72,556	-	122,094	n/a
Total U.S. Department of Education			16,859,837	30,087,241	14,250,093	31,377,545	1,216,260	46,843,898	n/a
National Science Foundation									
Flowthrough From Board of Trustees of the University of Illinois:									
ITWF: Building Communities	47.070	2008	10,089	640	640	-	-	640	n/a
Total National Science Foundation			10,089	640	640	-	-	640	n/a
Corporation for National and Community Services									
Flow-Through From the Illinois State Board of Education:									
Learn and Serve America	94.004	2008-4910	19,862	-	19,862	-	-	19,862	19,862
Learn and Serve America	94.004	2009-4910	-	11,147	-	6,306	4,058	10,364	16,000
Total Corporation for National and Community Services			19,862	11,147	19,862	6,306	4,058	30,226	35,862
U.S. Department of Health & Human Services									
Flowthrough From Northwestern Illinois Association:									
Medicaid Matching	93.778	2008-4991	1,540,082	-	1,540,082	-	-	1,540,082	n/a
Total U.S. Department of Health & Human Services			1,540,082	-	1,540,082	-	-	1,540,082	n/a
TOTAL FEDERAL AWARDS			\$ 24,992,941	\$ 38,841,239	\$ 22,373,748	\$ 40,126,062	\$ 1,220,318	\$79,025,410	n/a

SCHOOL DISTRICT U-46

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of School District U-46 and is presented on the modified accrual basis of accounting.

The District changed its basis of accounting from the modified cash basis to the modified accrual basis beginning July 1, 2008, to conform with generally accepted accounting principles (GAAP). Amounts presented in the accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2008 have been restated to the modified accrual basis of accounting.

The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule differed from amounts presented in, or used in the preparation of, the basic financial statements.

Reconciliation of Schedule of Expenditures of Federal Awards to Basic Financial Statements

Revenues per Schedule of Expenditures of Federal Awards	\$ 38,841,239
Add - Medicaid Fees-For-Services Program	<u>722,701</u>
Total Federal Revenues Per Basic Financial Statements	<u>\$ 39,563,940</u>

Subrecipients, Insurance, and Loans

Of the federal expenditures presented in the schedule, the District did not provide any federal awards to subrecipients. The District did not have any federal insurance in effect during the year, and did not have any federal loans or loan guarantees outstanding at year end.

SCHOOL DISTRICT U-46

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2009

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the modified accrual basis financial statements of School District U-46 for the year ended June 30, 2009.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

2. No material weaknesses were disclosed during the audit of the financial statements.
3. One significant deficiency was disclosed (see item 2009-1) during the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FEDERAL AWARDS

5. No material weaknesses were disclosed during the audit of compliance over major federal award programs.
6. No significant deficiencies were disclosed during the audit of compliance over major federal award programs.
7. The auditor's report on compliance for the major federal award programs of the District, expresses an unqualified opinion on major federal programs.
8. There were no audit findings or questioned costs relative to the major federal award programs for the District that were required to be reported in accordance with Circular A-133, § .510(a).
9. The following program was tested as a major programs:

U.S. Department of Education:
ARRA - General State Aid - Education Stabilization CFDA No. 84.394A
10. The threshold for distinguishing between Types A and B programs was \$1,203,781.
11. School District U-46 was determined to be a low-risk auditee.

Financial Statement Findings

There was one financial statement finding reported for the fiscal year ended June 30, 2009, see item 2009-1.

Federal Award Findings

There were no federal award findings reported for the fiscal year ended June 30, 2009.

School District U-46
31-045-0460-22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2009-1 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2007

3. Criteria or specific requirement

To ensure sales are properly recorded and to aid in loss prevention, best business practices dictate the following food service items be reconciled: individual school sales reports to the District general ledger, number of lunches and a la carte items sold to total revenues, and a la carte sales to the number of items sold and inventory report balances. Additionally, deposit procedures should be in place to eliminate deposit errors.

4. Condition

We noted a reconciliation between the individual schools' sales reports and the amounts reported in the District's general ledger was not performed. A reconciliation between the number of lunches served, (free/reduced and full price) and a la carte items, such as candy bars, sold and the total revenues posted by school was not performed. Additionally, sales of a la carte items were not tracked by type of item and therefore a reconciliation of sales and inventory on hand by a la carte item was not performed. Also, we noted several instances of deposit corrections made by the bank for shortages in deposits to the Food Service bank account.

5. Context¹²

We did not note food service reconciliations being performed for any of the schools in the District. The District records food sales revenues based on the deposits made by the individual schools to the District's Food Service bank account. We noted forty-four instances of deposit corrections made by the bank for shortages in deposits to the Food Service bank account.

6. Effect

Assets of the District are not properly safeguarded as the District cannot determine the level of loss of food inventory items or the possible misstatement of food service revenues.

7. Cause

The District has recently implemented new food service software designed to efficiently track inventories, however, the system has not yet been used to its full potential. The District has not implemented procedures to follow-up on all deposit correction notices from the bank.

8. Recommendation

We recommend the District continue its progress with the new food service software. At a minimum, the District should develop procedures to reconcile the items mentioned in No. 3. above. Additionally, deposit procedures should be examined and improved to reduce deposit errors.

9. Management's response¹³

Management is aware of the deficiencies noted above. We are in the process of developing procedures for the new software and policies to improve reporting in the food service department.

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

School District U-46
31-045-0460-22
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending June 30, 2009

Corrective Action Plan

Finding No.: 2009-1

Condition:

We noted a reconciliation between the individual schools' sales reports and the amounts reported in the District's general ledger was not performed. A reconciliation between the number of lunches served, (free/reduced and full price) and a la carte items, such as ice cream cones, sold and the total revenues posted by school was not performed. Additionally, sales of a la carte items were not tracked by type of item and therefore a reconciliation of sales and inventory on hand by a la carte item was not performed. Also, we noted several instances of deposit corrections made by the bank for shortages in deposits to the Food Service bank account.

Plan:

The District is in the process of implementing new software in the food service department to more efficiently track and reconcile inventory and sales. Additionally, the District is implementing new procedures governing bank deposits to the food services account.

Anticipated Date of Completion: 1/15/2010

Name of Contact Person: Carmen Browne

Management Response: Management concurs with the finding.

SCHOOL DISTRICT U-46

Summary Schedule of Prior Year Audit Findings For the Year Ended June 30, 2009

Prior Year Financial Statement Findings

There were two financial statement findings reported for the fiscal year ended June 30, 2008, see the attached summary schedule of prior audit findings.

Prior Year Federal Award Findings

There were no federal award findings reported for the fiscal year ended June 30, 2008.

School District U-46
31-045-0460-22
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ending June 30, 2009

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2008-1	We noted a reconciliation between the individual schools' sales reports and the amounts reported in the District's general ledger was not performed. A reconciliation between the number of lunches served, (free/reduced and full price) and a la carte items, such as ice cream cones, sold and the total revenues posted by school was not performed. Additionally, sales of a la carte items were not tracked by type of item and therefore a reconciliation of sales and inventory on hand by a la carte item was not performed. Also, we noted several instances of deposit corrections made by the bank for shortages in deposits to the Food Service bank account.	The finding has been repeated as finding number 2009-1
2008-2	The District had recorded a balance in the general ledger for unclaimed property of just over \$1.2 million related to stale-dated checks that had not cleared the bank. Although the District maintained a listing of current and prior year activity, supporting documentation was not made available for the entire liability balance, most of which related to activity prior to the implementation of the current Great Plains financial software.	The finding has not been repeated. The District eliminated the unsupported liabilities from its financial statements.