

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED

OAK PARK ELEMENTARY SCHOOL DISTRICT 97

**REPORTS REQUIRED BY
OMB CIRCULAR A-133 AND
GOVERNMENT AUDITING STANDARDS**

YEAR ENDED JUNE 30, 2012

DRAFT

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**Independent Auditor's 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 Members of the Board of Education
Oak Park Elementary School District 97
Oak Park, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Park School District 97 ("District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated [REDACTED]. 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

Management of the District is responsible for establishing and maintaining effective 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.

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 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 material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of management, the Board of Education, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Chicago, Illinois
Report Date

DRAFT

**Independent Auditor's 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**

To the Members of the Board of Education
Oak Park Elementary School District 97
Oak Park, Illinois

Compliance

We have audited Oak Park School District 97's ("District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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, Oak Park School District 97 complied, in all material respects, with the compliance requirements referred to above that are could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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 to determine the 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 the District's internal control over compliance.

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.

Our consideration of internal control over compliance 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 compliance 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. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency, as described in the accompanying Schedule of Findings and Questioned Costs as item 2012-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

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, 2012, and have issued our report thereon dated [REDACTED], which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 2012 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards for the year ended June 30, 2012 is fairly stated in all material respects in relation to the 2012 basic financial statements taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the District's basic financial statements for the year ended June 30, 2011, which are not presented with the accompanying financial statements. In our report dated October 12, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the accompanying schedule of expenditures of federal awards for the year ended June 30, 2011 is fairly stated, in all material respects, in relation to the basic financial statements for the year ended June 30, 2011, taken as a whole.

This report is intended solely for the information and use of management, the Board of Education, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Chicago, Illinois
Report Date

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED

County
Cook 14-016-0970-02
District/Joint Agreement Name
Oak Park School District 97
District/Joint Agreement No.
97

ILLINOIS STATE BOARD OF EDUCATION
100 NORTH FIRST STREET
SPRINGFIELD, ILLINOIS 62777-0001

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

| Federal Agency/ Pass-through Grantor/ Program Name | Fund and Account Number (A) | CFDA Number (B) | ISBE Project Number (C) | Revenues | | Expenditures | | Obligations/ Encumbrances (H) | Final Status (I) | Budget (J) |
|---|--------------------------------------|-----------------------|--|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------------------|------------------------|------------------------|
| | | | | 7/1/10- 6/30/11 (E) | 7/1/11- 6/30/12 (E) | 7/1/10- 6/30/11 (G) | 7/1/11- 6/30/12 (G) | | | |
| U.S. Department of Education: | | | | | | | | | | |
| Passed through Illinois State Board of Education: | | | | | | | | | | |
| Title I Cluster: | | | | | | | | | | |
| Title I Grants to Local Educational Agencies: Low Income | 1-4300 | 84.010A | 12-4300-00-14-016-0970-02 11-4300-00-14-016-0970-02 | \$ - 457,484 | 462,738 - | \$ - 457,484 | 462,738 - | \$ - - | \$ 462,738 457,484 | 494,413 492,950 |
| Title I Grants to Local Educational Agencies: Low Income - Neglected Priv. | 1-4305 | 84.010A | 12-4305-00-14-016-0970-02 11-4305-00-14-016-0970-02 | - 44,970 | 29,509 - | - 44,871 | 29,509 99 | - - | 29,509 44,970 | 29,608 44,970 |
| ARRA Title I Grants to Local Educational Agencies: Low Income | 1-4851 | 84.389A | 11-4851-00-14-016-00970-02 | 49,539 | - | 49,539 | - | - | 49,539 | N/A |
| ARRA Title I Grants to Local Educational Agencies: Low Income - Neglected Priv. | 1-4852 | 84.389A | 11-4852-00-14-016-00970-02 | 632 | - | 632 | - | - | 632 | N/A |
| Total Title I Cluster | | | | 552,625 | 492,247 | 552,526 | 492,346 | - # | 1,044,872 | 1,061,941 |
| IDEA Cluster: | | | | | | | | | | |
| Special Education - Preschool Grants - IDEA Preschool Flow Through | 1-4600 | 84.173A | 12-4600-00-14-016-0970-02 11-4600-00-14-016-0970-02 | - 50,655 | 78,041 - | - 50,655 | 78,041 - | - - | 78,041 50,655 | 94,257 50,655 |
| Special Education - Grants to States - IDEA Flow Through | 1-4620 | 84.027A | 12-4620-00-14-016-0970-02 11-4620-00-14-016-0970-02 | - 1,278,910 | 1,563,271 (95,346) | - 1,183,564 | 1,563,271 - | - - | 1,563,271 1,183,564 | 1,916,671 1,646,457 |
| ARRA-Fed. - Special Ed. - Pre-School Grants - Flow Through | 1-4856 | 84.392A | 11-4856-00-14-016-00970-02 | 47,437 | - | 47,437 | - | - | 47,437 | 44,964 |
| ARRA-Fed. - Special Ed. Grants to States - IDEA - Flow Through | 1-4857 | 84.391A | 11-4857-00-14-016-00970-02 | 580,657 | 777,616 | 580,657 | 777,616 | - | 1,358,273 | 1,366,138 |
| Total IDEA Cluster | | | | 1,957,659 | 2,323,582 | 1,862,313 | 2,418,928 | - # | 4,281,241 | 5,119,142 |
| Title IV : Safe & Drug Free Schools - Formula | 1-4400 | 84.186A | 11-4400-00-14-016-0970-02 | 6,514 | - | 6,514 | - | - | 6,514 | 6,514 |
| Improving Teacher Quality - State Grants - Title II : Teacher Quality | 1-4932 | 84.367A | 12-4932-00-14-016-0970-02 11-4932-00-14-016-0970-02 | - 183,897 | 127,562 (4,326) | - 177,845 | 125,836 1,726 | - - | 125,836 179,571 | 152,894 195,388 |
| ARRA Education Jobs Fund Program | 1-4880 | 84.410A | 11-4880-00-14-016-00970-02 | 810,809 | - | 810,809 | - | - | 810,809 | N/A |
| Educational Technology State Grants - Enhancing Education - Formula | 1-4971 | 84.318X | 11-4971-00-14-016-0970-02 | 711 | - | 687 | - | - | 687 | 711 |
| Total Department of Education | | | | 3,512,215 | 2,939,065 | 3,410,694 | 3,038,836 | - | 6,449,530 | 6,536,590 |

PRELIMINARY DRAFT
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U.S. Department of Agriculture:
 Passed through Illinois State Board of Education:
 Child Nutrition Cluster:

| | | | | | | | | | | |
|---|--------|--------|---------------------------|----------------|----------------|----------------|----------------|----------|------------------|------------|
| National School Lunch Program | 1-4210 | 10.555 | 12-4210-00-14-016-0970-02 | - | 373,133 | - | 373,133 | - | 373,133 | N/A |
| | | | 11-4210-00-14-016-0970-02 | 366,553 | 67,990 | 366,553 | 67,990 | - | 366,553 | N/A |
| School Breakfast Program | 1-4220 | 10.553 | 12-4220-00-14-016-0970-02 | - | 34,049 | - | 34,049 | - | 34,049 | N/A |
| | | | 11-4220-00-14-016-0970-02 | 27,365 | 4,846 | 27,365 | 4,846 | - | 32,211 | N/A |
| National School Lunch Program - Value of Commodity Assistance | | 10.555 | 12-4299-00-14-016-0970-02 | - | 85,822 | - | 85,822 | - | 85,822 | N/A |
| | | | 11-4299-00-14-016-0970-02 | 97,417 | - | 97,417 | - | - | 97,417 | N/A |
| National School Lunch Program - Fresh Fruits and Vegetables | | 10.555 | 12-4299-00-14-016-0970-02 | - | 43,576 | - | 43,576 | - | 43,576 | N/A |
| | | | 11-4299-00-14-016-0970-02 | 21,010 | - | 21,010 | - | - | 21,010 | N/A |
| Total Child Nutrition Cluster | | | | 512,345 | 609,415 | 512,345 | 609,415 | - | 1,053,770 | N/A |
| Total Department of Agriculture | | | | 512,345 | 609,415 | 512,345 | 609,415 | - | 1,053,770 | N/A |

U.S. Department of Health and Human Services
 Passed through Illinois Department of Public Aid:

| | | | | | | | | | | |
|---|--------|--|---------------------------|---------------------|------------------|---------------------|------------------|-------------|---------------------|------------------|
| Medical Assistance Program - Medicaid Matching Outreach | 93.778 | | 12-4991-00-14-016-0970-02 | - | 49,690 | - | 99,366 | - | 99,366 | N/A |
| | | | 11-4991-00-14-016-0970-02 | 152,410 | - | 152,410 | - | - | 152,410 | N/A |
| Total US Dept. Health and Human Services Awards | | | | 152,410 | 49,690 | 152,410 | 99,366 | - | 251,776 | N/A |
| Grand Total Federal Awards | | | | \$ 4,176,970 | 3,598,170 | \$ 4,075,449 | 3,747,617 | \$ - | \$ 7,755,076 | 6,536,590 |

CFDA Catalog of Federal Domestic Assistance

See Note to Schedule of Expenditures of Federal Awards

Oak Park Elementary School District 97

Note to Schedule of Expenditures of Federal Awards

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Oak Park School District 97 ("District") and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of financial statements. No funds were identified as having been provided to subrecipients by the District under the meaning of Sections 105 and 210 of OMB of Circular A-133, and accordingly, no funds identified in the Schedule of Expenditures of Federal Awards are attributable to subrecipient entities as required under Section 310(b) of OMB Circular A-133. There were no federal awards expended for insurance or any loans or loan guarantees outstanding at year-end.

Basis of accounting: The schedule has been prepared using the modified accrual basis of accounting which is the same basis used in preparing the basic financial statements of the District.

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Oak Park Elementary School District 97

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | | |
|---|------------------------------|---|
| Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |
| Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Federal Awards

Internal control over major programs:

| | | |
|---|---|--|
| Material weaknesses identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> None Reported |

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

| | | |
|--|------------------------------|--|
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|--|------------------------------|--|

Identification of Major programs:

| <u>CFDA NUMBER</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------------|---|
| 84.010A | Title I Cluster |
| 84.027A 84.173A, and 84.391A | Special Education Cluster |
| 10.553, 10.555 | Child Nutrition Cluster |

| | |
|---|-----------|
| Dollar threshold used to distinguish between type A and type B programs | \$300,000 |
|---|-----------|

| | | |
|--|------------------------------|--|
| Auditee qualified as low-risk auditee? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|--|------------------------------|--|

Oak Park Elementary School District 97

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with generally accepted government auditing standards.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2012-01: Reporting (Recurring – 2011)

Federal Program Title: Child Nutrition Cluster

Project No.: 12-4210-00-14-016-0970-02
12-4220-00-14-016-0970-02

CFDA No.: 10.553 School Breakfast Program
10.555 National School Lunch Program

Federal Agency: U.S. Department of Agriculture

Pass Through Agency: Illinois State Board of Education

Criteria or specific requirement:

The District is required to report to the Illinois State Board of Education the actual number of meals consumed monthly as a part of the Child Nutrition Cluster.

Condition:

The District did not have controls in place to ensure that accurate meals served reports are submitted for reimbursement.

Questioned Costs:

As a result of this control deficiency, one monthly report was known to have been submitted with incorrect numbers of meals, however the amount of the prepayment as a result was less than \$250 and was therefore insignificant.

Context:

In its November report, the District claimed reimbursement for a total of 252 meals, while internal records showed that the submission should have been for 165, resulting in discrepancy of 87 meals.

Effect:

The District was reimbursed \$206 more than it should have been for the month of November, which is insignificant to the program as a whole. However, because controls were not operating effectively, the amount of the error could possibly be larger.

Oak Park Elementary School District 97

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

Cause:

Monthly meals served data is compiled in an excel spreadsheet to aid in preparation of the monthly claim for reimbursement. In this particular month, the amount entered for the reimbursement was the meal ceiling instead of the actual number of meals. This information was not properly reviewed prior to submission and thus the data submitted was inaccurate.

Recommendation:

The District should put into place controls that would require reviews of all reports submitted to oversight agencies to ensure accuracy.

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Oak Park Elementary School District 97

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012**

- I. Finding: 11-01: IDEA Cluster Reporting: The District did not submit quarterly expenditure reports for its IDEA grants within the required 30-day limit. For two quarters, the District filed its expenditure reports approximately 6 months late.

Corrective Action Plan – While the two quarterly reports were not filed timely, this was due to delays in approvals by ISBE. Therefore, no action is required by the District if the State approves submitted grants on a timely basis.

Current Status – No exceptions were noted in FY 2012.

- II. Finding 11-02: Child Nutrition Cluster Reporting: The District was reimbursed for fewer meals than were actually provided.

Corrective Action Plan – To ensure the most accurate reporting and copying of data into the ISBE report format, prior to formal submission/approval the Assistant Superintendent of Finance and Operations will proofread the spreadsheet and ISBE formatted data with the Food Service Coordinator to verify accuracy of numbers submitted.

Current Status – See Finding 2012-01

- III. Finding 11-03: Child Nutrition Cluster Eligibility: The District was unable to locate eleven student meal applications.

Corrective Action Plan – All free and reduced lunch applications will be organized by school, filed alphabetically, and updated year-round. A master spreadsheet will likewise be prepared by school and updated daily if new applications are received. These files and spreadsheet will be maintained in a secure location and made available upon request.

Current Status – No exceptions were noted in FY 2012.

- IV. Finding 11-04: Title I, Part A Cluster Reporting: The District did not submit quarterly expenditure reports for its Title I grants within the required 30-day limit. The District submitted the 2nd quarter reports approximately one month after the due date.

Corrective Action Plan – While the quarterly reports were not filed timely, this was due to delays in approvals by ISBE. Therefore, no action is required by the District if the State approves submitted grants on a timely basis.

Current Status – No exceptions were noted in FY 2012.

Oak Park Elementary School District 97

Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2012

- V. Finding 11-05: Lack of Timely Submission of the Data Collection Form: The District did not file the year-end June 30, 2010 data collection form within these guidelines.

Corrective Action Plan – The District will correct the deadlines included in its procedures to ensure timely submission of the data collection.

Current Status: No exceptions were noted in FY 2012.

- VI. Finding 11-06: Medicaid Reimbursement: The District filed the quarterly reports using annual salary information as opposed to quarterly salaries.

Corrective Action Plan – The Director of Special Education, prior to submission of the quarterly Medicaid report, will review, verify, and then execute the proposed report to be submitted.

Current Status: No exceptions were noted in FY 2012.

DRAFT

Oak Park Elementary School District 97

**Corrective Action Plan
Year Ended June 30, 2012**

The following is management's corrective action plan for the finding:

2012-01: Child Nutrition Cluster

Condition:

The District did not have controls in place to ensure that accurate meals served reports are submitted for reimbursement.

Plan:

To ensure the most accurate reporting and copying of data into the ISBE report format, prior to formal submission/approval the Assistant Superintendent of Finance and Operations will proofread the spreadsheet and ISBE formatted data with the Food Service Coordinator to verify accuracy of numbers submitted.

Anticipated Date of Completion:

FY 2012 - 2013

Contact Person:

Therese O'Neill

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