

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2018

DISTRICT/JOINT AGREEMENT NAME Oak Park Elementary School District 97	RCDT NUMBER 06-016-0970-02	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-004260	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) Dr. Carol Kelley		NAME AND ADDRESS OF AUDIT FIRM Baker Tilly Virchow Krause, LLP 1301 West 22nd Street, Suite 400 Oak Brook IL 60523	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 260 West Madison Street Oak Park IL 60302		E-MAIL ADDRESS: n.cavaliere@bakertilly.com	
		NAME OF AUDIT SUPERVISOR Nick Cavaliere CPA	
		CPA FIRM TELEPHONE NUMBER (630) 645-6234	FAX NUMBER (630) 990-0039

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE 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 (Title 2 CFR §200.510 (a))
- ☒ Schedule of Expenditures of Federal Awards including footnotes (Title 2 CFR §200.510 (b))
- ☒ Independent Auditor's Report on the Financial Statements (Title 2 CFR §200.515 (a))
- ☒ Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Title 2 CFR §200.515 (b))
- ☒ Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance (Title 2 CFR §200.515 (c))
- ☒ Schedule of Findings and Questioned Costs (Title 2 CFR §200.515 (d))
- ☒ Summary Schedule of Prior Audit Findings (Title 2 CFR §200.511 (b))
- ☒ Corrective Action Plan on LEA letterhead (Title 2 CFR §200.511 (c))

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- ☒ A Copy of the Federal Data Collection Form (Title 2 CFR §200.512 (b))
- ☐ A Copy of each Management Letter

Note: IF THE PAPER COPY OF THE AFR IS NOT THE SAME AS THE ELECTRONIC VERSION, PLEASE NOTIFY - Leslie Clay at lclay@isbe.net

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*

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Park Elementary School District 97 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Oak Park Elementary School District 97's basic financial statements, and have issued our report thereon dated January 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oak Park Elementary School District 97's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oak Park Elementary School District 97's internal control. Accordingly, we do not express an opinion on the effectiveness of Oak Park Elementary School District 97's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-002 to be a significant deficiency.

To the Board of Education
Oak Park Elementary School District 97

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oak Park Elementary School District 97's financial statements are free from 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*.

Oak Park Elementary School District 97's Responses to the Findings

Oak Park Elementary School District 97's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plans. Oak Park Elementary School District 97's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on these responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
January 15, 2019

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

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

Report on Compliance for the Major Federal Program

We have audited Oak Park Elementary School District 97's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Oak Park Elementary School District 97's major federal program for the year ended June 30, 2018. Oak Park Elementary School District 97's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Oak Park Elementary School District 97's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about Oak Park Elementary School District 97'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 on compliance for the major federal program. However, our audit does not provide a legal determination of Oak Park Elementary School District 97's compliance.

To the Board of Education
Oak Park Elementary School District 97

Basis for Qualified Opinion on CFDA 84.173 and 84.027 Special Education Cluster (IDEA)

As described in the accompanying schedule of findings and questioned costs, Oak Park Elementary School District 97 did not comply with the requirements regarding CFDA 84.173 and 84.027 Special Education Cluster (IDEA) as described in finding 2018-003 for Matching, Level of Effort, and Earmarking. Compliance with such requirements is necessary, in our opinion, for Oak Park Elementary School District 97 to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 84.173 and 84.027 Special Education Cluster (IDEA)

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, Oak Park Elementary School District 97 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 84.173 and 84.027 Special Education Cluster (IDEA) for the year ended June 30, 2018.

Oak Park Elementary School District 97's Response to the Finding

Oak Park Elementary School District 97's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Oak Park Elementary School District 97 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oak Park Elementary School District 97's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Oak Park Elementary School District 97'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 a combination of deficiencies, in internal control over compliance, such that there is 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. *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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-003 that we consider to be a material weakness.

To the Board of Education
Oak Park Elementary School District 97

Oak Park Elementary School District 97's Response to the Finding

Oak Park Elementary School District 97's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Oak Park Elementary School District 97's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Park Elementary School District 97 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Oak Park Elementary School District 97's basic financial statements. We issued our report thereon dated January 15, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States, Oak Park Elementary School District 97's basic financial statements as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated November 30, 2017 which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The 2017 information included in the schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic 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 2017 financial statements. The 2017 information has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 information included in the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2017 as a whole.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
January 15, 2019

Oak Park Elementary School District 97

06-016-0970-02

SINGLE AUDIT INFORMATION CHECKLIST

The following checklist is **OPTIONAL**; it is not a required form for completion of Single Audit information. The purpose of the checklist is to assist in determining if appropriate information has been correctly completed within the Annual Financial Report (AFR). This is not a complete listing of all Single Audit requirements, but highlights some of the more common errors found during ISBE reviews.

GENERAL INFORMATION

- ☐ 1. **Signed** and **dated** copies of audit opinion letters have been included with audit package submitted to ISBE.
- ☐ 2. All opinion letters use the **most current audit language and formatting** as mandated in SAS 115/SAS 117 and other pronouncements.
- ☐ 3. **ALL** Single Audit forms within the AFR Excel workbook have been completed, where appropriate.
- For those forms that are not applicable, "N/A" or similar language has been indicated.
- ☐ 4. **ALL** Federal revenues reported in FRIS Report 0053 (Summary of Payments) are accounted for in the Schedule of Expenditures of Federal Awards (SEFA).
- ☐ 5. Federal revenues reported on the AFR reconcile to Federal revenues reported on the SEFA.
- Verify or reconcile on reconciliation worksheet.
- ☐ 6. The total value of non-cash **COMMODITIES** has been included within the AFR on the **INDIRECT COSTS** page (ICR Computation 29) on Line 11. It **should not** be included in the Statement of Revenues Received (REVENUES 9-14) within the AFR Accounts 4210 - 4299. Those accounts are specific cash programs, not non-cash assistance such as **COMMODITIES**.
- ☐ 7. **Complete audit package** (Data Collection Form, audit reports, etc.) has been submitted electronically to the Federal Audit Clearinghouse <https://harvester.census.gov/facweb/Default.aspx>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- ☐ 8. All prior year's projects are included and reconciled to final FRIS report amounts.
- Including receipt/revenue and expenditure/disbursement amounts.
- ☐ 9. All current year's projects are included and reconciled to most recent FRIS report filed.
- Including receipt/revenue and expenditure/disbursement amounts.
- ☐ 10. Differences in reported spending amounts on the SEFA and the final FRIS reports should be detailed and/or documented in a finding, - discrepancies should be reported as Questioned Costs.
- ☐ 11. The total amount provided to subrecipients from each Federal program is included.
- ☐ 12. Prior-year and Current-year Child Nutrition Programs (CNP) are included on the SEFA (with prior-year program showing total cash received):
Project year runs from October 1 to September 30, so projects will cross fiscal year;
This means that audited year revenues will include funds from both the prior year and current year projects.
- ☐ 13. Each CNP project should be reported on a separate line (one line per project year per program).
- ☐ 14. Total CNP Revenue amounts are consistent with grant amounts awarded by ISBE for each program by project year.
- ☐ 15. Total CNP Expenditure amounts are consistent with grant amounts awarded by ISBE for each program by project year.
- ☐ 16. Exceptions should result in a finding with Questioned Costs.
- ☐ 17. The total value of non-cash **COMMODITIES** has been reported on the SEFA (CFDA 10.555).
- The value is determined from the following, **with each item on a separate line**:
 - ☐ * **Non-Cash Commodities**: Monthly Commodities Bulletin for April (From the Illinois Commodities System accessed through ISBE web site)
Total commodities = A.PAL Allocated + B.PAL Allocated + Processing Deductions + Total Bonus Allocated
Verify Non-Cash Commodities amount on ISBE web site: <https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx>
 - ☐ * **Non-Cash Commodities**: Commodities information for non-cash items received through **Other Food Services**
Districts should track separately through year; no specific report available from ISBE
Verify Non-Cash Commodities amount through Other Food Services on ISBE web site:
<https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx>
 - ☐ * **Department of Defense Fresh Fruits and Vegetables** (District should track through year)
- The two commodity programs should be reported on separate lines on the SEFA.
Verify Non-Cash Commodities amount through DoD Fresh Fruits and Vegetables on ISBE web site:
<https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx>
 - ☐ * Amounts verified for **Fresh Fruits and Vegetables cash grant program** (ISBE code 4240)
CFDA number: 10.582
- ☐ 18. **TOTALS** have been calculated for Federal revenue and expenditure amounts (Column totals).
- ☐ 19. Obligations and Encumbrances are included where appropriate.
- ☐ 20. **FINAL STATUS** amounts are calculated, where appropriate.
- ☐ 21. Medicaid Fee-for-Service funds, E-Rate reimbursements and Build America Bond interest subsidies have **not** been included on the SEFA.
- ☐ 22. **All** programs tested (not just Type A programs) are indicated by either an * or (M) on the SEFA.
- ☐ 23. **NOTES TO THE SEFA** within the AFR Excel workbook (SEFA NOTES) have been completed.

Oak Park Elementary School District 97
06-016-0970-02
SINGLE AUDIT INFORMATION CHECKLIST

Including, but not limited to:

- ☐ 24. Basis of Accounting
- ☐ 25. Name of Entity
- ☐ 26. Type of Financial Statements
- ☐ 27. Subrecipient information (**Mark "N/A" if not applicable**)
- ☐ * ARRA funds are listed separately from "regular" Federal awards

SUMMARY OF AUDITOR'S RESULTS/FINDINGS/CORRECTIVE ACTION PLAN

- ☐ 28. Audit opinions expressed in opinion letters **match** opinions reported in Summary.
- ☐ 29. **All** Summary of Auditor Results questions have been answered.
- ☐ 30. All tested programs **and** amounts are listed.
- ☐ 31. Correct testing threshold has been entered. (Title 2 CFR §200.518)

Findings have been filled out completely and correctly (if none, mark "N/A").

- ☐ 32. Financial Statement and/or Federal Award Findings information has been completely filled out for each finding, with finding numbers in correct format.
- ☐ 33. Finding completed for each **Significant Deficiency** and for each **Material Weakness** noted in opinion letters.
- ☐ 34. Separate finding for each Federal program (i.e., don't report same finding for multiple programs on one sheet).
- ☐ 35. Separate finding sheet for each finding on programs (e.g., excess interest earned and unallowable expenditures are two findings and should be reported separately, even if both are on same program).
- ☐ 36. Questioned Costs have been calculated where there are questioned costs.
- ☐ 37. Questioned Costs are separated by project year **and** by program (and sub-project, if necessary).
- ☐ 38. Questioned Costs have been calculated for Interest Earned on **Excess Cash on Hand**.
 - Should be based on actual amount of interest earned
 - Questioned Cost amounts are broken out between programs if multiple programs are listed on the finding
- ☐ 39. **A CORRECTIVE ACTION PLAN, on the LEA's letterhead** has been completed for each finding.
 - Including Finding number, action plan details, projected date of completion, name and title of contact person

Oak Park Elementary School District 97
06-016-0970-02

RECONCILIATION OF FEDERAL REVENUES
Year Ending June 30, 2018

Annual Financial Report to Schedule of Expenditures of Federal Awards

TOTAL FEDERAL REVENUE IN AFR

Account Summary 7-8, Line 7	Account 4000	\$ 3,297,226
Flow-through Federal Revenues		
Revenues 9-14, Line 112	Account 2200	-
Value of Commodities		
Indirect Cost Info 29, Line 11		156,234
Less: Medicaid Fee-for-Service Program		
Revenues 9-14, Line 271	Account 4992	(396,606)
AFR TOTAL FEDERAL REVENUES:		\$ 3,056,854

ADJUSTMENTS TO AFR FEDERAL REVENUE AMOUNTS:

Reason for Adjustment:

Value of Commodities included in Account Summary \$ (156,234)

ADJUSTED AFR FEDERAL REVENUES \$ 2,900,620

Total Current Year Federal Revenues Reported on SEFA:
Federal Revenues Column D \$ 2,900,620

Adjustments to SEFA Federal Revenues:

Reason for Adjustment:

ADJUSTED SEFA FEDERAL REVENUE: \$ 2,900,620

DIFFERENCE: \$ -

Oak Park Elementary School District 97

06-016-0970-02

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Year Ending June 30, 2018

Note 1: Basis of Presentation⁵

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Oak Park Elementary School District 97 and is presented on the **modified accrual basis of accounting**. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Basic financial statements.

Note 2: Indirect Facilities & Administration costs⁶

Auditee elected to use 10% de minimis cost rate?

YES

X

NO

Note 3: Subrecipients

Of the federal expenditures presented in the schedule, Oak Park Elementary School District 97 provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal CFDA Number	Amount Provided to Subrecipient
N/A		

Note 4: Non-Cash Assistance

The following amounts were expended in the form of non-cash assistance by Oak Park Elementary School District 97 and should be included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (CFDA 10.555)**:

\$156,234

OTHER NON-CASH ASSISTANCE - DEPT. OF DEFENSE FRUITS & VEGETABLES

\$0

Total Non-Cash

\$156,234**Note 5: Other Information**

Insurance coverage in effect paid with Federal funds during the fiscal year:

Property

\$0

Auto

\$0

General Liability

\$0

Workers Compensation

\$0

Loans/Loan Guarantees Outstanding at June 30:

\$0

District had Federal grants requiring matching expenditures

No

(Yes/No)

** The amount reported here should match the value reported for non-cash Commodities on the Indirect Cost Rate Computation page.

⁵ This note is included to meet the Uniform Guidance requirement that the schedule include notes that describe the significant accounting policies used in preparing the schedule. (§200.510 (b)(6))

⁶ The Uniform Guidance requires the Schedule of Expenditures of Federal Awards to note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs. §200.510 (b)(6)

Oak Park School District 97
14-016-0970-02

[illegible]

Year Ending June 30, 2018

[illegible]

Oak Park School District 97
14-016-0970-02
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴				Obligations/ Encumb. (G)	Final Status (H)	Amount to Subrecipients (J)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients	Year 7/1/17-6/30/18 (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients				
U.S. Department of Defense - Passed Through Illinois State Board of Education (ISBE):												
NATIONAL SCHOOL LUNCH PROGRAM												
Non Cash Fruits and Vegetables - PY 17	10.555	17-4299-00	74,516	0	74,516	0	0	0	0	74,516	0	N/A
Non Cash Fruits and Vegetables - PY 18	10.555	18-4299-00	0	46,270	0	0	46,270	0	0	46,270	0	N/A
Subtotal - 10.555 - NATIONAL SCHOOL LUNCH PROGRAM			74,516	46,270	74,516	0	46,270	0	0	120,786		N/A
Subtotal - 10.555 - NATIONAL SCHOOL LUNCH PROGRAM			612,304	672,178	612,304	0	672,178	0	0	1,284,482	0	
Subtotal - CHILD NUTRITION CLUSTER			644,899	702,982	644,899	0	702,982	0	0	1,347,881	0	
U.S. Department of Health and Human Services - Passed Through Illinois Department of Healthcare and Family Services												
MEDICAID CLUSTER												
MEDICAL ASSISTANCE PROGRAM												
Medicaid Matching - Administrative Outreach - PY 17	93.778	17-4991-00	94,434	0	94,434	0	0	0	0	94,434	0	N/A
Medicaid Matching - Administrative Outreach - PY 18	93.778	18-4991-00	0	68,854	0	0	68,854	0	0	68,854	0	N/A
Subtotal - 93.778 - MEDICAL ASSISTANCE PROGRAM			94,434	68,854	94,434	0	68,854	0	0	163,288	0	N/A
Subtotal - MEDICAID CLUSTER			94,434	68,854	94,434	0	68,854	0	0	163,288	0	
Total All Federal Awards			2,784,506	2,900,620	2,784,506	0	2,900,620	0	0	5,685,126	0	

• (M) Program was audited as a major program as defined by §200.518.

* NEW - Also include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

³ When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

⁴ The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

Oak Park Elementary School District 97
06-016-0970-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified
(Unmodified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- Material weakness(es) identified? X YES None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? X YES None Reported
- Noncompliance material to the financial statements noted? YES X NO

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

- Material weakness(es) identified? X YES None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? YES X None Reported

Type of auditor's report issued on compliance for major programs: Qualified
(Unmodified, Qualified, Adverse, Disclaimer⁷)

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)? X YES NO

IDENTIFICATION OF MAJOR PROGRAMS:⁸

CFDA NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰	AMOUNT OF FEDERAL PROGRAM
84.027, 84.173	SPECIAL EDUCATION CLUSTER (IDEA)	1,722,578
	Total Amount Tested as Major	\$1,722,578

Total Federal Expenditures for 7/1/17-6/30/18

\$2,900,620

% tested as Major

59.39%

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

 YES X NO

⁷ If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program.
Example: "Unmodified for all major programs except for [name of program], which was modified and [name of program], which was a disclaimer."

⁸ Major programs should generally be reported in the same order as they appear on the SEFA.

⁹ When the CFDA number is not available, include other identifying number, if applicable.

¹⁰ The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list the name of the cluster.

Oak Park Elementary School District 97
06-016-0970-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2018- 001 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2017

3. Criteria or specific requirement

An internal control structure over external financial reporting is necessary to ensure the proper presentation of financial statements.

4. Condition

Like most districts in Illinois, the District does not maintain an external financial reporting department or function, but relies on its audit firm for this purpose.

5. Context¹²

Management is responsible for the fair presentation of the financial statements. This includes drafting the individual fund statements, making conversion entries, drafting the government-wide statements, preparing note disclosures and preparing the Schedule of Expenditures for Federal Awards statements to external GAAP basis financial statements.

6. Effect

The auditors prepared a portion of the financial statements which presents risks over financial reporting that errors may occur and not be detected. Material cash basis entries were also identified during the course of the audit.

7. Cause

The District does not have an external reporting function, but relies upon the auditor for expertise in external financial reporting and as such did not identify material errors in their financial records.

8. Recommendation

While this is defined as a material weakness by accounting standards, it may not be practical or cost beneficial for the District to mitigate this weakness. New accounting literature continues to be added at an astonishing pace and comes from a variety of sources. Employing an individual who remains current on the ever changing accounting and reporting standards can add significant financial cost to your internal control process. As such, the District may choose to accept this risk as most districts in this state have done. The District should implement procedures and associated controls to ensure that material cash basis accounting transactions are recorded properly.

9. Management's response¹³

See Corrective Action Plan.

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

Oak Park Elementary School District 97
06-016-0970-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2018- 002 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2017

3. Criteria or specific requirement

A cornerstone of effective internal control is the existence of policies and procedures to support segregation of duties.

4. Condition

The District lacks segregation of duties within its accounts payable, payroll, and financial close cycles. Employees have access to multiple parts of the cycles.

5. Context¹²

Segregation of duties involves separation of the initiation, execution, approval and recording responsibilities for transactions to limit access to District assets and to achieve a high likelihood that errors or irregularities in your District's accounting process are discovered in a timely manner.

6. Effect

Lack of segregation of duties expose the District to the possibility that errors or irregularities could occur as a part of the financial process and not be detected by District staff.

7. Cause

Exposure to some of these deficiencies may be inherent due to the size of the District and limited number of business office staff.

8. Recommendation

The District should review its operations and practices to ensure that segregation can be implemented where appropriate. In the event that segregation cannot be achieved, monitoring controls should be instituted to reduce the risks caused by inadequate segregation of duties.

9. Management's response¹³

See Corrective Action Plan.

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

Oak Park Elementary School District 97
06-016-0970-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2018- 003** 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
Year originally reported? **2017**

3. Federal Program Name and Year: **SPECIAL EDUCATION CLUSTER (IDEA)- PY 2018**

4. Project No.: **18-4620-00 & 18-4620-00** 5. CFDA No.: **84.173A & 84.027**

6. Passed Through: **Illinois State Board of Education**

7. Federal Agency: **U.S. Department of Education**

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

IDEA, Part B funds received by an LEA cannot be used, except under certain limited circumstances, to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds, or a combination of State and local funds, below the level of those expenditures for the preceding fiscal year. To meet this requirement, LEAs must meet (1) the eligibility standard of 34 CFR section 300.203(a)) and (2) the compliance standard of 34 CFR section 300.203(b).

9. Condition¹⁵

The District did not meet its maintenance of effort on either the aggregate or the per capita basis for fiscal year 2018. The shortfall in maintenance of effort was \$763,892.

10. Questioned Costs¹⁶

The District's maintenance of effort calculation identified a decrease in non-federally funded special education related expenditures from the prior year of \$763,892 in addition to a per capita decrease of \$1,355 from fiscal year 2017 amounts.

11. Context¹⁷

N/A - there is only one MOE requirement. The grant was out of compliance. This is not a transactional level requirement.

12. Effect

As the District is out of compliance with the maintenance of effort requirements, it is at risk of having to return federal funds.

13. Cause

The finding was caused by a lack of monitoring over the maintenance of effort requirement.

14. Recommendation

It is recommended that the District monitor compliance with maintenance of effort throughout the fiscal year to ensure it is met at year end.

15. Management's response¹⁸

The District will perform a comprehensive review of fiscal year 2018 expenditures to identify the cause of the decrease in special education expenditures from the FY 2017 amounts to determine if allowable exceptions can be identified in accordance with federal guidelines.

For ISBE Review

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

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).

¹⁶ Identify questioned costs as required by §200.516 (a)(3 - 4).

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Oak Park Elementary School District 97
06-016-0970-02
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2018

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> ²⁰
2017-001	Internal Control over Financial Reporting - Like most districts in Illinois, the District does not maintain an external financial reporting department or function, but relies on its audit firm for this purpose.	The District will continue to engage the external auditors to prepare the financial statements. (Finding repeated as 2018-001)
2017-002	Segregation of Duties - The District lacks segregation of duties within its accounts payable, payroll, and financial close cycles. Employees have access to multiple parts of the cycles.	Staff member's duties and functions will be reviewed internally and system security access will be updated to limit or restrict the ability for individuals to process information from beginning to end. Additionally administration will review information before it is finalized. (Finding repeated as 2018-001)
2017-003	Personnel at the District noted that some of the approved grant salary/wage and benefit expense were not charged to the grant accounts. To resolve this problem a journal entry was made to move the entire salary and benefit expense of each applicable employee to the grant accounts during the fiscal year. This information was obtained from a report that was dated from the start of the fiscal year (July 1, 2016). The total salaries reported to ISBE should have only included expenditures ranging from 10/3/16 to 6/30/17 as the grant application was not submitted until 10/3/16. As the entry was made mid-year, the District did not properly remove these expenditures from reimbursement requests later in the year.	The District implemented procedures and associated controls to ensure that amounts charged to the grant are within the period of performance during fiscal year 2018.
	The District was unable to provide documentation that expenditure reports were reviewed and approved by someone outside the original preparer before being submitted to ISBE.	The District implemented appropriate review procedures for reports prior to submission to ISBE.
2017-004	The District was unable to provide documentation for payroll expenditures which totaled \$1,175. Additionally, one employee was paid double their salary (the duplicate payment using grant money), instead of the hourly wage for the extra pay. This resulted in questioned costs totaling \$836. Total known questioned costs were \$2,011.	The District implemented appropriate procedures to ensure that supporting documentation is maintained for amounts charged to the grants and that amounts charged to the grant are not duplicated

When possible, all prior findings should be on the same page

¹⁹ Explanation of this schedule - §200.511 (b)

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.



Oak Park Elementary School District 97

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Oak Park Elementary School District 97
06-016-0970-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending June 30, 2018

Corrective Action Plan¹

Finding No.: **2018 - 001**

Condition:

Like most districts in Illinois, the District does not maintain an external financial reporting department or function, but depends on its audit firm for this purpose.

Plan:

The District will continue to engage the external auditors to prepare the financial statements

Anticipated Date of Completion: N/A

Name of Contact Person: Paul Starck-King, Assistant Superintendent of Business and Operations

Management Response: The District will continue to engage the external auditors to prepare the financial statements.

¹ Must address **each** audit finding - §200.511 (c)



Oak Park Elementary School District 97

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**Oak Park Elementary School District 97
06-016-0970-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending June 30, 2018**

Corrective Action Plan¹

Finding No.: **2018 - 002**

Condition:

The District lacks segregation of duties within its accounts payable, payroll, and financial close cycles. Employees have access to multiple parts of the cycles.

Plan:

Staff members' duties and functions will be reviewed internally and system security access will be updated to limit or restrict the ability for individuals to process information from beginning to end. Additionally, administration will review information before it is finalized.

Anticipated Date of Completion: **6/30/2019**

Name of Contact Person: Paul Starck-King, Assistant Superintendent of Business and Operations

Management Response: Staff members' duties and functions will be reviewed internally and system security access will be updated to limit or restrict the ability for individuals to process information from beginning to end. Additionally, administration will review information before it is finalized.

¹ Must address **each** audit finding - §200.511 (c)



Oak Park Elementary School District 97
06-016-0970-02
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending June 30, 2018

Corrective Action Plan¹

Finding No.: **2018 - 003**

Condition:

The District did not meet its maintenance of effort on either the aggregate or the per capita basis for fiscal year 2018. The shortfall in maintenance of effort was \$763,892.

Plan:

The District will implement procedures and internal controls in FY 2019 to monitor maintenance of effort compliance. Furthermore the District will perform a comprehensive review of fiscal year 2018 expenditures to identify the cause of the decrease in special education expenditures from the FY 2017 amounts to determine if allowable exceptions can be identified in accordance with federal guidelines.

Anticipated Date of Completion: 6/30/2019

Name of Contact Person: Paul Starck-King, Assistant Superintendent of Business and Operations

Management Response: The District will implement procedures and internal controls in FY 2019 to monitor maintenance of effort compliance. Furthermore the District will perform a comprehensive review of fiscal year 2018 expenditures to identify the cause of the decrease in special education expenditures from the FY 2017 amounts to determine if allowable exceptions can be identified in accordance with federal guidelines.

¹ Must address **each** audit finding - §200.511 (c)