

ATTACHMENT X-D

ATTACHMENT X-D:	Corrected 2014-2015 AFR
Suggested Motion:	Move to Accept the Corrected 2014-2015 AFR from Siepert & Co.
Recommended Action:	Approve as presented.

Our 2014-2015 AFR was returned by ISBE to Siepert & Co. for corrections. Below is the correspondence between ISBE and Michael Phalin, CPA from Siepert. The corrected AFR is attached for your review.

Michael Phalin's statement to NBCUSD regarding the correspondence below:

We have made the needed adjustments for the North Boone FY 2015 AFR for the A-133 revisions noted in your memorandum dated October 17, 2016 and we are in the process of submitting the revised AFR through the ISBE Attachment Manager. This correspondence goes along with the revised FY 2015 AFR along with a copy of the original memorandum received detailing the discrepancies to be addressed.

Michael Phalin's response to ISBE with the return of the 2015 AFR.
(ISBE's responses are in red.)

I am writing this email to clarify exactly what steps are needed to address the items noted in the attached A-133 Omissions/Corrections letter for North Boone CUSD 200.

To begin, in general, do you prefer to have the changes made to North Boone's FY 2015 AFR and have a new AFR submitted, or do you prefer to have an explanation for what is causing the issue noted in your letter? Some of the changes appear to only have the option of submitting an updated AFR (such as #1), so we wanted to see what is going to be best for you in terms of reviewing the updates and corrections.

And to clarify the specific points in your letter:

For #1 on the commingled commodities and fruits and vegetables, are you just looking for the SEFA (page 40 of the FY 2015 AFR) to be corrected to show two separate lines for these two amounts? We have the two amounts and this would be a simple fix as we do currently have both amounts combined into one line on the SEFA. **Correct**

For #2 on the federal revenues:

- The total of columns C and D on the SEFA (page 40 of the FY 2015 AFR) total \$973,212, which is a \$2 difference from the total federal revenues shown on page 7 of the AFR for total revenues from federal sources.

- o This appears to be a rounding issue. Do you prefer we make the correction to the SEFA to account for the \$2 rounding difference when these individual amounts were originally reported on the SEFA?

- On the Reconciliation of Federal Revenues (page 39 of the FY 2015 AFR), it currently shows \$973,214 as the total CY federal revenues reported on the SEFA in column D. Aside from the \$2 rounding difference, in the SEFA, we actually have amounts in columns C and D that together make up the total federal revenues. In order for these two pages to agree, should all of our amounts on the SEFA also be moved to column D?

As far as the SEFA reconciliation goes, the **current** year adjusted AFR Federal Revenues should equal the **current** year adjusted SEFA federal revenues. On the SEFA, the current federal revenue is \$787,410.

For #3 on the major program testing, as noted on the SEFA (page 40 of the 2015 AFR), the IDEA Flow Through Grant and the National School Lunch programs are marked with an (M) and were audited as major programs as defined by A-133. Per the SEFA, the total expenditures for these two programs was \$569,181 and total expenditures were \$969,998, meaning that 58.7% of the federal awards expended were audited as major programs. Please clarify what actions are needed on our part as it appears we were in compliance with this and we do not see where anything would need to be corrected or where any additional procedures would need to be performed.

The Summary of Auditor's Results only identified IDEA-Flow Through as a major program tested. Please submit an updated Summary adding the National School Lunch program as a major program tested.

For #4a on the reported significant deficiencies, can you please clarify exactly where you are noticing an inconsistency? Per review of the 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 on page 101 of the FY 2015 AFR, we list findings 2015-001, 2015-002, 2015-003, and 2015-004 as material weaknesses **with no additional significant deficiencies**. Likewise, per review of the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 on pages 105 and 106 of the FY 2015 AFR, we again list findings 2015-001, 2015-002, 2015-003, and 2015-004 as material weaknesses with no additional significant deficiencies. Based on this, we are unclear as to what this comment is looking for, so please provide clarification on where there are inconsistencies with specific page references to where

there are inconsistent reporting of significant deficiencies to allow us to review and make any needed changes.

Your reference to the GAS opinion letter is absolutely correct, the deficiency is in the Summary of Auditor's Results that identifies *Significant Deficiencies*, contradicting the GAS letter.

For #4b on the noncompliance material to the financial statements, can you please clarify exactly where you are noticing an inconsistency? Are you referencing finding 2015-005 and the fact that it is not listed in the Compliance and Other Matters paragraph of the 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 on pages 101 and 102 of the FY 2015 AFR? We are unclear as to what this comment is looking for, so please provide clarification on where there are inconsistencies with specific page references to allow us to review and make any needed changes.

Again, your reference to the GAS opinion letter is absolutely correct, the deficiency is in the Summary of Auditor's Results that identifies a *Noncompliance material to the financial statements*, contradicting the GAS letter.

For #4c on material weaknesses, as noted in my comments on #4a above, both of the internal control letters specifically and identically reference material weaknesses, including the letter you say does not reference material weaknesses. Please see page 105 of the FY 2015 AFR for the material weaknesses listed in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133. Please provide any additional clarification on this point as it appears to us that the material weaknesses are properly identified and indicated as you have requested.

You are correct. It was an oversight on behalf of the reviewer. No further action is required.

If you could provide details and clarifications on the above information, it would be appreciated so we can further review and correct as needed the FY 2015 AFR for North Boone.

Michael Phalin's *second* response to ISBE. (ISBE's responses are in red.)

We have addressed the North Boone A-133 issues from the recent letter they received based on the clarifications you provided below. We just wanted to verify that we would just need to submit the revised 2015 AFR via the ISBE Attachment Manager.

· Is there anything special you would like in the subject or body of the email to help differentiate this from other FY 2016 AFR's being submitted?

In the subject line, please include the district's name and RCDT #. In the beginning of the message include the phrase A-133 Revisions.

· In the drop down menu, will we still select Annual Financial Report or should we select another option?

Select Annual Financial Report

· The original memo received mentioned mailing the updated information to ISBE at an address provided in the memo. Will we still need to mail in the updated AFR and a cover letter explaining the revisions, or will the submission of the revised AFR through Attachment Manager be sufficient?

Submitting the updated AFR via the Attachment Manager will suffice.

If you could let me know about these items, it would be appreciated. At this time, we are waiting for one number from the District and will then be submitting the revised AFR, hopefully by Monday, November 7th.

North Boone Community Unit School District #200
04-004-2000-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Adverse
(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)? YES X None Reported
- Noncompliance material to 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 Circular A-133, § .510(a)? X YES NO

IDENTIFICATION OF MAJOR PROGRAMS:⁸

CFDA NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰
84.027	IDEA-Flow Thru
10.555	National School Lunch

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

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.