

**LITTLESTOWN AREA SCHOOL DISTRICT**

**SUPPLEMENTARY AUDIT REPORT  
ON FEDERAL AWARD PROGRAMS**

**YEAR ENDED JUNE 30, 2014**

## TABLE OF CONTENTS

	<u>Page Number</u>
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	1 - 2
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and the Schedule of Expenditures of Federal and State Awards	3 - 5
Schedule of Expenditures of Federal and State Awards	6 - 8
Schedule of Findings and Questioned Costs	9 - 15
Summary Schedule of Prior Audit Findings	16



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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

Board of School Directors  
Littlestown Area School District  
Littlestown, Pennsylvania

### Reference to Report on the Financial Statements

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, the business-type activities, each major fund, and the fiduciary funds of Littlestown Area School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Littlestown Area School District's basic financial statements, and have issued our report thereon dated November 13, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Littlestown Area School District'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 Littlestown Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Littlestown Area School District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses and significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (#2014-001)

**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 (Cont'd.)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Littlestown Area School District'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*.

**Littlestown Area School District's Response to Findings**

Littlestown Area School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Littlestown Area School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 school district'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 school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
GREENAWALT & COMPANY, P.C.

November 13, 2014

Mechanicsburg, Pennsylvania



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Board of School Directors  
Littlestown Area School District  
Littlestown, Pennsylvania

### Report on Compliance For Each Major Federal Program

We have audited Littlestown Area School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Littlestown Area School District's major federal programs for the year ended June 30, 2014. Littlestown Area School District's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Littlestown Area School District's major federal programs 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 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 Littlestown Area School 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Littlestown Area School District's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 AND  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Cont'd.)**

**Opinion on Each Major Federal Program**

In our opinion, Littlestown Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of Littlestown Area School District 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 Littlestown Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Littlestown Area School 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. A significant deficiency in internal control over compliance is a deficiency, or 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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items #2014-002, #2014-003 and #2014-004, that we consider to be significant deficiencies.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 AND  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Cont'd.)**

**Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary funds of Littlestown Area School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Littlestown Area School District's basic financial statements. We issued our report thereon dated November 13, 2014, 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 and state 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 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 and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Littlestown Area School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Littlestown Area School 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
GREENAWALT & COMPANY, P.C.

November 13, 2014

Mechanicsburg, Pennsylvania

**LITTLESTOWN AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass Through Grantor Program Title	Source Code	Federal CFDA #	Pass Through Grantor #	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received For Year	Accrued (Unearned) Revenue 7/1/2013	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2014
<b>U.S. Department of Agriculture</b>										
Passed through PA Department of Education										
Child Nutrition Cluster										
School Breakfast Program - Cash Assistance	I(F)	10.553	N/A	7/1/13-6/30/14	N/A	\$ 35,664	\$ -	\$ 37,747	\$ 37,747	\$ 2,083
School Breakfast Program - Cash Assistance	I(F)	10.553	N/A	7/1/12-6/30/13	N/A	515	515	-	-	-
Total School Breakfast Program						<u>36,179</u>	<u>515</u>	<u>37,747</u>	<u>37,747</u>	<u>2,083</u>
National School Lunch Program - Cash Assistance	I(F)	10.555	N/A	7/1/13-6/30/14	N/A	291,338	-	302,558	302,558	11,220
National School Lunch Program - Cash Assistance	I(F)	10.555	N/A	7/1/12-6/30/13	N/A	8,450	8,450	-	-	-
Passed through PA Department of Agriculture										
Commodities - Non-Cash Assistance	I(F)	10.555	N/A	7/1/13-6/30/14	N/A	56,682	-	56,682	56,682	-
Total National School Lunch Program						<u>356,470</u>	<u>8,450</u>	<u>359,240</u>	<u>359,240</u>	<u>11,220</u>
Total Child Nutrition Cluster						392,649	8,965	396,987	396,987	13,303
National School Lunch Program - Cash Assistance	I(S)	N/A	N/A	7/1/13-6/30/14	N/A	22,926	-	23,782	23,782	856
National School Lunch Program - Cash Assistance	I(S)	N/A	N/A	7/1/12-6/30/13	N/A	630	630	-	-	-
School Breakfast Program - Cash Assistance	I(S)	N/A	N/A	7/1/13-6/30/14	N/A	2,640	-	2,783	2,783	143
School Breakfast Program - Cash Assistance	I(S)	N/A	N/A	7/1/12-6/30/13	N/A	39	39	-	-	-
<b>Total U.S. Department of Agriculture</b>						<u>\$ 418,884</u>	<u>\$ 9,634</u>	<u>\$ 423,552</u>	<u>\$ 423,552</u>	<u>\$ 14,302</u>



**LITTLESTOWN AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass Through Grantor Program Title	Source Code	Federal CFDA #	Pass Through Grantor #	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received For Year	Accrued (Unearned) Revenue 7/1/2013	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2014
<b>U.S. Department of Education</b>										
Passed through PA Department of Education										
Title I, Part A Cluster										
Title I - Grants to Local Educational Agencies	I(F)	84.010(M)	013-140230	7/15/13-9/30/14	\$ 406,239	\$ -	\$ -	\$ 324,647	\$ 324,647	324,647
Title I - Grants to Local Educational Agencies	I(F)	84.010(M)	013-130230	7/1/12-9/30/13	457,976	363,928	333,968 A	29,960	29,960	-
Total Title I, Part A Cluster						363,928	333,968	354,607	354,607	324,647
Title II - Improving Teacher Quality - State Grants	I(F)	84.367	020-140230	7/15/13-9/30/14	73,126	-	-	73,126	73,126	73,126
Title II - Improving Teacher Quality - State Grants	I(F)	84.367	020-130230	7/1/12-9/30/13	79,257	63,315	63,315	-	-	-
Total Title II, Improving Teach Quality - State Grants						63,315	63,315	73,126	73,126	73,126
Vocational Education - Secondary Education	I(F)	84.048	380-144031	7/1/13-6/30/14	24,738	14,431	-	24,738	24,738	10,307
Vocational Education - Secondary Education	I(F)	84.048	380-133060	7/1/12-6/30/13	34,132	22,755	22,755	-	-	-
Passed through Gettysburg Area School District										
Vocational Education - Secondary Education	I(F)	84.048	N/A	7/1/13-6/30/14	4,282	-	-	4,282	4,282	4,282
Total Vocational Education - Secondary Education						37,186	22,755	29,020	29,020	14,589
Total Passed through PA Department of Education						464,429	420,038	456,753	456,753	412,362
Passed through Lincoln Intermediate Unit #12										
Special Education Cluster (IDEA)										
Special Education - Grants to States (IDEA, Part B)	I(F)	84.027A	062-140015	7/1/13-6/30/14	211,109	-	-	211,109	211,109	211,109
Special Education - Grants to States (IDEA, Part B)	I(F)	84.027A	062-130015	7/1/12-6/30/13	238,670	3,831	3,831	-	-	-
Special Education - Preschool Grants (IDEA, Preschool)	I(F)	84.173	131-140015	7/1/13-6/30/14	2,681	2,681	-	2,681	2,681	-
Total Special Education Cluster (IDEA)						6,512	3,831	213,790	213,790	211,109
<b>Total U.S. Department of Education</b>						<u>\$ 470,941</u>	<u>\$ 423,869</u>	<u>\$ 670,543</u>	<u>\$ 670,543</u>	<u>\$ 623,471</u>
<b>U.S. Department of Health and Human Services</b>										
Passed through PA Department of Welfare										
Medical Assistance Title XIX	I(F)	93.778	N/A	7/1/13-6/30/14	15,028	\$ 11,746	\$ -	\$ 15,028	\$ 15,028	\$ 3,282
Total U.S. Department of Health and Human Services						<u>\$ 11,746</u>	<u>\$ -</u>	<u>\$ 15,028</u>	<u>\$ 15,028</u>	<u>\$ 3,282</u>
<b>Total Federal and State Awards</b>						<u>\$ 901,571</u>	<u>\$ 433,503</u>	<u>\$ 1,109,123</u>	<u>\$ 1,109,123</u>	<u>\$ 641,055</u>
<b>Less: State Awards</b>						<u>\$ (26,235)</u>	<u>\$ (669)</u>	<u>\$ (26,565)</u>	<u>\$ (26,565)</u>	<u>\$ (999)</u>
<b>Total Federal Awards</b>						<u>\$ 875,336</u>	<u>\$ 432,834</u>	<u>\$ 1,082,558</u>	<u>\$ 1,082,558</u>	<u>\$ 640,056</u>

**LITTLESTOWN AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Cont'd.)**  
**YEAR ENDED JUNE 30, 2014**

Note A - Significant accounting policies

This schedule is a summary of the School District's federal awards programs presented on the accrual basis of accounting; that is revenues are recognized when the expenditures are incurred.

Note B - Donated commodities

Nonmonetary assistance is reported in the schedule at market value (provided by USDA) of the commodities received.

Calculation of 25% Rule

Total federal expenditures per schedule \$ 1,082,558

Major program

<u>Grant Program Title</u>	<u>Federal CFDA#</u>	<u>Total Expenditures</u>
U.S. Department of Education Passed through of PA Department of Education Title I - Grants to Local Educational Agencies	84.010	<u>\$ 354,607</u>
Total (32.76% of total federal expenditures)		<u>\$ 354,607</u>

Source codes:

- I - Indirect funding
- F - Federal share
- S - State share

Legends:

- (M) Major program
- (A) The Title I grant expenditures for 2012-2013 were overstated by \$ 4,059, therefore, the beginning accrued revenue balance has been adjusted as follows:

Title I receivable at June 30, 2013, as reported, CFDA #84.010	\$ 338,027
Adjustment	<u>(4,059)</u>
Title I receivable at July 1, 2013, as reported, CFDA #84.010	<u>\$ 333,968</u>

**LITTLESTOWN AREA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2014**

A. Summary of auditor's results

1. The opinion expressed in the independent auditor's report was:  
 Unmodified       Qualified       Adverse       Disclaimed
  
2. The independent auditor's report on internal control over financial reporting described:  
  
Significant deficiency(ies) noted considered material weakness(es)?       Yes       No  
  
Significant deficiency(ies) noted that are not considered  
to be a material weakness?       Yes       No
  
3. Noncompliance considered material to the financial  
statements was disclosed by the audit?       Yes       No
  
4. The independent auditor's report on internal control over compliance with requirements applicable to major  
federal awards programs described:  
  
Significant deficiency(ies) noted considered material weakness(es)?       Yes       No  
  
Significant deficiency(ies) noted that are not considered  
to be a material weakness?       Yes       No
  
5. The opinion expressed in the independent auditor's report on compliance with requirements applicable to  
major federal awards was:  
 Unmodified       Qualified       Adverse       Disclaimed
  
6. The audit disclosed findings required to be reported by OMB Circular A-133?       Yes       No

**LITTLESTOWN AREA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)**  
**YEAR ENDED JUNE 30, 2014**

A. Summary of auditor's results (Cont'd.)

7. The District's major program was:

<u>Grant Program Title</u>	<u>Federal CFDA#</u>
U.S. Department of Education Passed through of PA Department of Education Title I - Grants to Local Educational Agencies	84.010

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$ 300,000.

9. The District qualified as a low-risk auditee as that term is defined in OMB Circular A-133?  Yes     No

**LITTLESTOWN AREA SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)  
YEAR ENDED JUNE 30, 2014

B. Findings - financial statement audit

#2014-001 Significant deficiency

Criteria

A management team comprised of multiple individuals contributes to an organization maintaining an internal control system to ensure that errors or irregularities are detected in a timely manner and to ensure accurate financial reporting.

Condition

The small number of members in the District business office team has direct control over day-to-day operations, accounting controls and financial reporting.

Effect

There is always the potential for errors or irregularities that would not be detected by employees in the normal course of performing their assigned functions.

Cause

This condition is not uncommon for similar size school districts.

Recommendations

The Board and management should evaluate the "cost versus the benefit" of expanding the business office team to obtain a more complete segregation of duties and to minimize management opportunity to override controls. We also recommend that management continue to review accounting duties and other financial controls to maintain the internal control system at a level considered necessary by the Board.

Auditee's Response

The District will review all duties within the business office and develop a plan to improve and ensure segregation of duties.

**LITTLESTOWN AREA SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)  
YEAR ENDED JUNE 30, 2014

Questioned  
Costs

C. Findings and questioned costs - major federal award program audits

#2014-002 Significant deficiency

Compliance Requirement – Other - Grant Management  
Title I – Grants to Local Educational Agencies, CFDA #84.010

Criteria

Grant applications must be prepared and submitted on a timely basis in order to receive approval for obligation of funds and to receive funding from the grantor agency.

Condition

The District did not complete and submit their 2013-14 year consolidated application to Pennsylvania Department of Education (PDE) on a timely basis. It was filed and approved approximately a year later in June 2014.

Effect

The District operated its Title I program and obligated expenditures all year without approval from PDE until it was received in June 2014. However when approved, the period of obligation was retroactive back to the beginning of the school year. Because the grant was not approved and active in the PDE system, the District was not able to submit quarterly cash reports to receive funding during the year.

\$ -0-

Cause

Turnover in the Federal Programs position contributed to the condition, in addition to a learning curve and software issues with the new PDE e-grant system, and major delays with receiving responses back from private school officials requesting Title I services to report on the application.

Recommendations

We recommend that procedures are implemented to ensure the consolidated application is submitted timely each year.

Auditee's Response

The District agrees with this finding and the recommendation. The District has discussed the issue with all relevant employees. The Business Manager has set up a task reminder on their calendar for late summer to ensure the consolidated application has been completed for the upcoming school year.

**LITTLESTOWN AREA SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)  
YEAR ENDED JUNE 30, 2014

Questioned  
Costs

C. Findings and questioned costs - major federal award program audits (Cont'd.)

#2014-003 Significant deficiency

Compliance Requirement – Special Tests (Participation of Private School Children)  
Title I – Grants to Local Educational Agencies, CFDA #84.010

Criteria

The District is required to conduct timely consultation with private school officials to determine participation to report on the consolidated application for Title I services. The per pupil allocation (PPA) generated by private school children from low-income families living in participating public school attendance areas must be equal to the PPA generated by public school children from low-income families living in the same attendance areas. The amount available for instructional services is the PPA multiplied by the number of private school low-income children by attendance area.

Condition

The District conducted timely consultation with private school officials; however, there is lack of controls in monitoring the responses back from private school officials on a timely basis. Certain private schools are not properly identifying the number of low-income private school students who reside in a Title I-participating public school attendance area. In addition, there appears to be no process in place for monitoring the carryover of the unspent allocation of equitable services to private school children to the subsequent year.

Effect

Due to the delays in obtaining the number of eligible non-public children for Title I services, the Title I grant application was not filed until June 2014. The number of private school children reported on the application was from the prior school year 2012-13.

The total amount of the allocation of equitable services for private children is \$23,960. The District spent \$6,332 of this amount during the 2013-14 year. A carryover remains at June 30, 2014 in the amount of \$17,628.

\$ -0-

**LITTLESTOWN AREA SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)  
YEAR ENDED JUNE 30, 2014

Questioned  
Costs

C. Findings and questioned costs - major federal award program audits (Cont'd.)

#2014-003 Significant deficiency (Cont'd.)

Compliance Requirement – Special Tests (Participation of Private School Children)  
Title I – Grants to Local Educational Agencies, CFDA #84.010

Cause

Turnover in the Federal Programs position contributed to the condition, in addition to communication issues with the private schools.

Recommendations

We recommend that procedures be developed and implemented to ensure compliance with the participation of private school children requirement.

Auditee's Response

The District agrees with this finding and the recommendation. The District has set up quarterly meetings with pertinent employees to discuss the identification of the number of low-income private school students who reside in the Title I-participating public school attendance area.



**LITTLESTOWN AREA SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)  
YEAR ENDED JUNE 30, 2014

Questioned  
Costs

C. Findings and questioned costs - major federal award program audits (Cont'd.)

#2014-004 Significant deficiency (Cont'd.)

Compliance Requirement – Financial and Special Reporting  
Title I – Grants to Local Educational Agencies, CFDA #84.010

Criteria

Final reports submitted to the funding agency for reimbursement should be in agreement with the District's accounting records for the grant.

Condition

The final report submitted to PDE for the Title I grant for 2012-13 included 100% of retirement costs of \$32,259, but should have only been 50% of these costs of \$16,129. The Commonwealth of PA computes the retirement subsidy on all retirement wages, so the District is already reimbursed for retirement on federal wages.

Effect

The Title I 2012-13 grant has excess expenditures in other allowable categories to cover this discrepancy in retirement expense. A revised final report should be filed.

\$ -0-

Cause

The reporting error was a result of human error and a learning curve for these reporting requirements.

Recommendations

The District should implement a process to review the accuracy of the grant reports to the funding source general ledger before the reports are filed with grant agency.

Auditee's Response

The District agrees with this finding and the recommendation. The District will begin a process that will have the Business Manager and another business office employee both review the grant reports before the reports are filed. Additionally, the Business Manager and the other business office employee will review all grant reporting laws and regulation once a year during the June or July months.

**LITTLESTOWN AREA SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2014

**#2013-001 Significant deficiency – Financial Statement Audit**

Condition

The small number of members in the District business office team has direct control over day-to-day operations, accounting controls and financial reporting.

School District's Corrective Action Plan

The size of the Business Office is a function of the District's budget and business activity. The Business Office employs sound business practices, i.e. dual signatures for financial transactions. The office will continue to shift duties, where possible, to ensure segregation of duties.

Status

The District has weighed the “cost versus benefit” of expanding the business office team and has elected not to increase the business office team size. Therefore a finding will be issued in this report.