

CITY OF WATERBURY, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2007

CITY OF WATERBURY, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

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**Report of Independent Accountants on Compliance with Requirements
Applicable to Each Major Program, on Internal Control over
Compliance in Accordance with OMB Circular A-133
and on the Schedule of Expenditures of Federal Awards**

Honorable Mayor and Board of Aldermen
City of Waterbury, Connecticut

Compliance

We have audited the compliance of the City of Waterbury, Connecticut, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Waterbury, Connecticut's major federal programs are identified in the summary of auditors' 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 City of Waterbury, Connecticut's management. Our responsibility is to express an opinion on the City of Waterbury, Connecticut'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 City of Waterbury, Connecticut'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 City of Waterbury, Connecticut's compliance with those requirements.

In our opinion, the City of Waterbury, Connecticut, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. The results of our auditing procedures also disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2007-1.

Internal Control over Compliance

The management of the City of Waterbury, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Waterbury, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Waterbury, Connecticut's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waterbury, Connecticut, as of and for the year ended June 30, 2007 and have issued our report thereon dated December 26, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Waterbury, Connecticut's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Except for the exclusion of the non-cash portion of the Special Supplemental Nutrition Program for Women, Infant and Children program (CFDA #10.557) from the basic financial statements, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Mayor, Board of Aldermen, 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 these specified parties.

Blum, Shapiro & Company, P.C.

December 26, 2007

CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
United States Department of Agriculture		
<i>Passed Through the State of Connecticut Department of Administrative Services:</i>		
Food Donation	10.550	\$ 451,438
<i>Passed Through the State of Connecticut Department of Education:</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 828,803
National School Lunch Program	10.555	4,396,747
Summer Food Service Program for Children	10.559	<u>285,576</u>
		5,511,126
Fresh Fruit and Vegetable Program	10.582	32,557
<i>Passed Through the State of Connecticut Department of Environmental Protection:</i>		
Cooperative Forestry Assistance	10.664	735
<i>Passed Through the State of Connecticut Department of Public Health:</i>		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	<u>3,951,977</u>
Total United States Department of Agriculture		<u>9,947,833</u>
United States Department of Economic Development Administration		
<i>Direct Program:</i>		
Economic Adjustment Assistance	11.307	<u>28,111</u>
United States Department of Education		
<i>Direct Programs:</i>		
Funds for the Improvement of Education	84.215L	607,813
Safe and Drug Free Schools and Communities - National Program	84.184E	29,926
Impact Aid - Facilities Maintenance	84.040	937

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CITY OF WATERBURY, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<i>Passed Through the State of Connecticut Department of Education:</i>		
Adult Education	84.002	\$ 107,506
Title I Grants to Local Educational Agencies	84.010	7,272,529
Special Education Cluster:		
Special Education - Grants to States	84.027	\$ 4,406,537
Special Education - Preschool Grants	84.173	<u>134,299</u>
		4,540,836
Vocational Education	84.048	436,324
Safe and Drug-Free Schools and Communities - State Grants	84.186	148,473
Education of Homeless Children and Youth	84.196	28,885
Twenty-First Century Community Learning Centers	84.287	490,853
State Grants for Innovative Programs	84.298	89,561
Education Technology State Grants	84.318	125,096
Comprehensive School Reform Demonstration	84.332	195,049
Reading First State Grants	84.357	473,396
English Language Acquisition Grants	84.365	379,174
Mathematics and Science Partnerships	84.366	29,873
Improving Teacher Quality State Grants	84.367	<u>1,584,442</u>
Total United States Department of Education		<u>16,540,673</u>
United States Department of Health and Human Services		
<i>Passed Through the State of Connecticut Department of Public Health:</i>		
Immunization Grants	93.268	59,448
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	72,683

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CITY OF WATERBURY, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
HIV Care Formula Grants	93.917	\$ 112,449
HIV Prevention Activities - Health Department Based	93.940	125,743
Preventive Health and Health Services Block Grant	93.991	20,271
<i>Passed Through the State of Connecticut Department of Social Services:</i>		
Social Services Block Grant	93.667	53,525
<i>Passed Through the Family Intervention Center:</i>		
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	7,131
<i>Passed Through the Western Connecticut Area on Aging, Inc.:</i>		
Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044	<u>36,549</u>
Total United States Department of Health and Human Services		<u>487,799</u>
United States Department of Homeland Security		
<i>Direct Program:</i>		
Assistance to Firefighters Grant	97.044	67,250
<i>Passed Through the State of Connecticut Department of Emergency Management and Homeland Security:</i>		
Homeland Security Grant Program	97.067	2,303
Emergency Management Performance Grants	97.042	30,276
Buffer Zone Protection Program	97.078	<u>46,961</u>
Total United States Department of Homeland Security		<u>146,789</u>
United States Department of Housing and Urban Development		
<i>Direct Programs:</i>		
CDBG - Entitlement and Small Cities Cluster:		
Community Development Block Grant - Neighborhood Initiative	14.218	353,741
Community Development Block Grant - Entitlement	14.218	3,308,495
Community Development Block Grant - Program Income	14.218	<u>411,998</u>
		4,074,234

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CITY OF WATERBURY, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Emergency Shelter Grants Program	14.231	\$ 98,596
Home Investment Partnership Program	14.239	471,898
Home Investment Partnership Program - Program Income	14.239	163,223
Community Development Block Grants/Brownfields Economic Development Initiatives	14.246	89,415
Lead-Based Paint Hazard Control in Privately - Owned Housing	14.900	<u>506,385</u>
Total United States Department of Housing and Urban Development		<u>5,403,751</u>
United States Department of Justice		
<i>Direct Programs:</i>		
Local Law Enforcement Block Grant Program	16.592	4,945
Edward Byrne Memorial Justice Assistance Grant Program	16.738	103,701
Public Safety Partnership and Community Policing Grants COPS	16.710	153,253
<i>Passed Through the State of Connecticut Department of Public Safety:</i>		
Edward Byrne Memorial Formula Grant Program	16.579	10,790
Anti-Gang Initiative	16.744	15,000
<i>Passed Through The Connection:</i>		
Community Prosecution and Project Safe Neighborhoods	16.609	<u>17,500</u>
Total United States Department of Justice		<u>305,189</u>
United States Department of Transportation		
<i>Passed Through the State of Connecticut Department of Transportation:</i>		
Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	169,897
Highway Safety Cluster: State and Community Highway Safety	20.600	<u>75,170</u>
Total United States Department of Transportation		<u>245,067</u>
Total Federal Awards Expended		\$ <u><u>33,105,212</u></u>

CITY OF WATERBURY, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2007

Various agencies of the Federal Government have made financial assistance available to the City of Waterbury, Connecticut. These grants fund several programs including housing, education, human services, transportation and general government activities.

Note 1 - **Summary of Significant Accounting Policies:**

The accounting policies of the City of Waterbury, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Waterbury, Connecticut, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 - **Noncash Awards:**

Donated commodities in the amount of \$451,458 are included in the Department of Agriculture's Food Donation Program, CFDA #10.550. The amount represents the market value of commodities received.

Note 3 - **WIC Noncash Benefits:**

The City also reports non-cash awards under the Special Supplemental Nutrition Program for Women, Infants, and Children. The amount of \$3,951,977 included in the Schedule of Federal Awards includes \$3,336,204 of non-cash benefit payments made directly to suppliers by the State of Connecticut, as reported by the State Department of Public Health, for eligible participants of the program.

Note 4 - **Status of Prior Year Findings:**

2006-1 - The finding has been modified and reported in the current year as Finding 2007-1.



Report of Independent Accountants on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and
Board of Aldermen
City of Waterbury, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waterbury, Connecticut, as of and for the year ended June 30, 2007, which collectively comprise the City of Waterbury, Connecticut's basic financial statements, and have issued our report thereon dated December 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Waterbury, Connecticut'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 City of Waterbury, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Waterbury, Connecticut's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The following deficiencies relating to Compensated Absences, Enterprise Aged Receivables, Student Activities

and the ED001 Special Education Data Application Adjustment Form are considered significant deficiencies in internal control over financial reporting:

Compensated Absences

Individual departments, based on their interpretation of contract provisions, are responsible for the accounting and control of accrued used/unused absences and the calculation of payments to employees upon their retirement. This decentralized process limits the extent of controls over tracking and awarding accrued time and allows for varied interpretations of contract provisions. Departmental procedures for tracking accrued time are not consistent. Additionally, certain departments are unable to adequately provide the information used in the annual calculation of the City's accrued absences liability estimate for the comprehensive annual financial report.

The City's HR/Payroll management system provides for the automated tracking of earned time and the ability to report an employees' compensated absence balance. The City is in the process of upgrading the current version of its financial management systems. As part of this process, the City should fully implement the earned time tracking feature. The HR/Payroll management system should be used to track time earned/used for all City employees and to provide the sole source reporting of accrued time. Controls associated with the recording, reporting, and monitoring of balances, would be significantly improved by making this transition.

The current method, whereby each department is responsible for these records, should be discontinued. The City's HR/Payroll departments should centrally administer the process of calculating the annual liability for accrued compensated absences, including the interpretation of payment provisions and the review of attendance records for accuracy. Special attention should be given to the proper tracking of "frozen bank" allotments provided for in certain union contracts.

Aged Receivables - Enterprise Funds

As of June 30, 2007, the Water Pollution Control Enterprise Fund delinquent receivables totaled \$11.3 million; an estimated amount of \$6.8 million, or 60%, of this amount has been reserved for doubtful accounts. The Water Enterprise Fund delinquent receivables totaled \$9.5 million; an estimated amount of \$5.2 million, or 55%, of this amount has been reserved for doubtful collections. In both enterprise funds, the majority of delinquent receivables are at least one year old. Aged reporting of the receivables combines, all delinquent receivables over one year, into one category. Establishing a more accurate estimate of the amounts deemed uncollectible is extremely difficult due to the aged receivable file reporting limitations; the number of significantly aged accounts; and, the failure to effectively analyze and identify uncollectible accounts.

Accounts deemed uncollectible should be removed from the active receivable file in accordance with a documented collection policy. Internal procedures, and aged receivable reporting tools, should be improved and expanded to control the aged receivable file. Percentages and other factors used in the annual calculation of the estimated allowance for doubtful collections should be documented.

Student Activities

Cash transactions and balances related to student activity funds are reported in the City's annual financial report as an agency fund. It is necessary for each school to prepare an annual report of transactions, on a timely basis at the end of each year, for incorporation in the annual

report. We continue to note significant deficiencies in the schools custodial responsibility over the administration, record keeping and reporting for student activity funds.

- Activity accounts are not effectively monitored by the Board of Education Business Office during the year or at year-end.
- There continues to be uncertainty among the schools as to the student activity policies and procedures that are acceptable system-wide. The standardization of accounting records to the various schools has not been completed.
- Ten schools failed to, either send in or implement Quicken as required by the City of Waterbury's Student Activity procedures.
- Bank reconciliations were not performed at all three schools selected for on-site testing. Additionally, we made two attempts to perform audit procedures at the West Side Middle School. In both instances we were unable to perform procedures due to bookkeeper's inability to create Quicken reports or provide us with any activity detail for the fiscal year.
- There is a lack of segregation of duties in the accounting function at some locations, especially the elementary schools.

The Board of Education distributed Student Activity Fund policies and procedures on November 3, 2006. During the past year, the Board of Education has continued to implement uniform accounting packages at various schools.

We recommend that the Board of Education provide an ongoing training program to the account custodians to ensure that policies and procedures are implemented and use of the accounting package is continuous. We also recommend that the Board of Education Business Office implement a reporting and review process whereby account custodians are required to provide standardized reports and account reconciliations to the Business Office for review.

The Board of Education Business Office should expand on-site reviews of the accounting records and supporting documentation maintained by the account custodians with established policies and procedures. Departmental accounts outside that of the Principals Discretionary should be closed in order to minimize the potential of unallowable expenditures.

ED001 Special Education Data Application and Collection-Grants Data Adjustment Form

Our review of the ED001 Special Education Data Application and Collection- Grants Data Adjustment Form (SEDAC-G ADJ) per the State Department of Education review package, noted that transportation costs were not reported for any students. This form is the basis for State reimbursement of special education costs for State agency placements and high costs students. The transportation costs not reported amounted to approximately \$500,000 which could have equated to a similar amount of revenue loss. The controls related to the filing of this form need to be improved. We have proposed adjustments to the Grants Data Adjustment Form and it is expected that there will be no permanent loss of revenue to the City. The revenue adjustment should be made by the State Department of Education as part of the ECS grant calculation in 2007-08. The Board of Education Business Office should develop a monitoring plan to ensure forms are reviewed before being submitted. We recommend that

controls be implemented to ensure the accuracy of this report and management's identification of the anticipated revenue generated by the report filing.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waterbury, Connecticut's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Waterbury, Connecticut, in a separate letter dated December 26, 2007.

This report is intended solely for the information and use of the City's management, the Mayor, Board of Aldermen, 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 these specified parties.

Blum, Shapiro & Company, P.C.

December 26, 2007

CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X yes _____ none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X yes _____ 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?

 X yes _____ no

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
84.215L	Funds for the Improvement of Education
84.010	Title I Grants to Local Educational Agencies
84.048	Vocational Education
14.218	CDBG - Entitlement and Small Cities Cluster
14.239	Home Investment Partnership Program
14.239	Home Investment Partnership Program - Program Income

Dollar threshold used to distinguish between type A and type B programs: \$993,156

Auditee qualified as low-risk auditee? _____ yes X no

II. Financial Statement Findings

- We have included our issued reports, dated December 26, 2007, 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated four (4) significant deficiencies. Significant deficiencies related to compensated absences, enterprise aged receivables, student activities and the ED001 Special Education Data Application Adjustment Form.

III. Federal Award Findings and Questioned Costs

2007-1

Eligibility and Special Tests and Provisions

Grantor: U.S. Department of Education

CFDA Number: 84.010

Program Name: Title I Grants to Local Education Agencies

Pass Through Entity: State of Connecticut Department of Education

Criteria

The City must select schools to receive Title I, Part A funding. The City must follow specific guidelines in selecting the schools to receive benefits. Documentation supporting the selection must be retained for review purposes.

The City must meet and document specific comparability requirements as defined within the Federal compliance Supplement Education Cross-Cutting Section.

Condition

Numerous schools had erroneous amounts reported in the "October 2005 K-12 Children Residing in Attendance Area" public column of the "Ranking Schools and Allocating Funds" form. These reporting errors caused many of the percentages reported in the "Percent Low-Income" to be miscalculated.

The comparability report is completed every two years. The Board of Education did not use a consistent method to prepare the 2006 comparability analysis for the K-5 grade span. For nine schools, the Board of Education isolated budgeted instructional supplies instead using actual instructional salaries or total expenditures.

Context	<p>Some documentation provided by the Board of Education did not support the number of students enrolled in public schools and the number of children in low income families reported on the Ranking Schools and Allocating Funds report.</p> <p>The employee responsible for preparing the Title I Comparability report utilized budgeted expenditure amounts for instructional supplies for comparative purposes.</p>
Effect	<p>No effect can be determined.</p>
Cause	<p>The Board of Education did not follow the existing procedures to ensure that the reports are properly prepared and submitted. Additionally, adequate supporting documentation was not maintained in accordance with State record retention regulations. The Board of Education did not adequately follow grantor guidelines during the forms reporting preparation process.</p>
Recommendation	<p>We recommend that Board of Education follow the formal written procedures to ensure that the Board of Education can accurately complete the report preparation process and improve record retention regarding school eligibility and comparability compliance requirements. In addition, we recommend that the Board of Education use and follow State provided instructional information regarding the completion of forms with regard to the eligibility and comparability compliance requirements.</p>