

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE KENTUCKY DEPARTMENT OF EDUCATION**

Southside Christian Day Care – 056-307-999

**For The Fiscal Year Ended
September 30, 2006**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**105 SEA HERO ROAD, SUITE 2
FRANKFORT, KY 40601-5404
TELEPHONE (502) 573-0050
FACSIMILE (502) 573-0067**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

Kevin Noland, Interim Commissioner
Kentucky Department of Education
500 Mero Street
Frankfort, KY 40601

David Derringer, Owner
Southside Christian Day Care – 056-307-999
3000 Eastpoint Parkway
Louisville, KY 40223

Independent Accountant's Report
On Agreed-Upon Procedures

We have performed the procedures below, which were agreed to by the Kentucky Department of Education's Division of Nutrition and Health Services (KDE), solely to assist KDE in evaluating the reasonableness of claims for reimbursement under the Child and Adult Care Food Program (CACFP) for the year ended September 30, 2006 with respect to Southside Christian Day Care (Sponsor).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures associated with the engagement are as follows:

1. We confirmed the number of children reported by Southside Christian Day Care on the monthly Reports and Claims for Reimbursements submitted during the engagement period for each classification (free, reduced, or paid) through a review of the daily attendance records, master rosters, income applications, and enrollment forms. Our procedures covered the months of October – March.
2. We verified the number of meals served as reported on the monthly Reports and Claims for Reimbursements and determined whether the correct basic meal components were served through a review of the menus and Record of Meals Served forms. Our procedures covered the months of October – March.



Kevin Noland, Interim Commissioner
Kentucky Department of Education

David Derringer, Owner
Southside Christian Day Care – 056-307-999

3. We verified the allowability and validity of the program operating and administrative costs, as reported on the Reports and Claims for Reimbursements, by tracing to supporting documentation for the months of October – March. We also determined that total operating and administrative costs claimed for each month reviewed exceeded the actual reimbursements received.
4. We verified the 25 percent low-income enrollment requirement for eligibility in the food program by comparing the audited number of children reported in the free and reduced meal classification to the audited attendance counts for the months of October – March.
5. We verified a sufficient amount of milk was purchased based on the number of meals in which milk was served for the months of October – March.

Our findings are presented below and in the accompanying Schedule of Reimbursements.

Attendance and Classification

We found 119 errors in the classification of children in the free, reduced, and paid meal categories for the year ended September 30, 2006. We found that 1 child had been double counted in attendance. We adjusted the categories to reflect the correction of these errors. We found 21 children had an enrollment form without a parent signature. We found 6 children with a temporary income application not updated after 30 days. We found 2 children that were in attendance not on the master roster. We found 8 children on the master roster, but not in attendance. We found 8 children in attendance during March with enrollment forms dated for April. We found 1 child without an enrollment form or income application.

For October, the following was found:

- 5 children, 2 from site 4 and 3 from site 9, were reclassified from free to paid.
- 2 children from site 2 were reclassified from reduced to free.
- 13 children, 1 from site 1, 3 from site 2, 2 from site 3, 1 from site 5, 1 from site 6, 4 from site 10, and 1 from site 11, were reclassified from paid to free.
- 4 children, 3 from site 10 and 1 from site 11, were reclassified from paid to reduced.
- 11 children, classified as paid, without a parent signature and date on enrollment form, 5 from site 3, 5 from site 4, and 1 from site 10, were disallowed.

For November, the following was found:

- 5 children, 2 from site 4 and 3 from site 9, were reclassified from free to paid.
- 4 children, 2 from site 2 and 2 from site 3, were reclassified from reduced to free.
- 1 child from site 11 was reclassified from paid to reduced.
- 2 children, classified as free from site 12, were counted in attendance but not on the master roster for the month. The children were added to November's membership.

Kevin Noland, Interim Commissioner
Kentucky Department of Education

David Derringer, Owner
Southside Christian Day Care – 056-307-999

- 2 children, classified as paid from site 12, were counted in attendance on the master roster but were not in attendance for the month. The children were removed for November.
- 2 children from site 3 without a parent signature and date on enrollment form, 1 classified as free and 1 classified as paid, were disallowed.
- 6 children, 2 from site 1, 1 from site 2 and 3 from site 3, with temporary income applications not updated after 30 days were reclassified from free to paid for November.

For December, the following was found:

- 1 child from site 10 was reclassified from paid to free.
- 5 children, 2 from site 4 and 3 from site 9, were reclassified from free to paid.
- 8 children, 2 from site 1, 4 from site 2 and 2 from site 3, were reclassified from paid to free.
- 3 children, 2 from site 1 and 1 from site 11, were reclassified from paid to reduced.
- 2 children classified as paid from site 3 without a parent signature and date on enrollment form were disallowed.

For January, the following was found:

- 2 children from site 3 classified as paid without a parent signature on enrollment form were removed.
- 5 children, 2 from site 4 and 3 from site 9, were reclassified from free to paid.
- 2 children from site 2 were reclassified from reduced to free.
- 5 children, 2 from site 1, 1 from site 2, 1 from site 3, and 1 from site 11, were reclassified from paid to free.
- 2 children, 1 from site 1 and 1 from site 11, were reclassified from paid to reduced.

For February, the following was found:

- 4 children classified as paid, 3 from site 3 and 1 from site 12, without a parent signature on enrollment form were removed.
- 6 children, classified as free from site 10, were counted in attendance on the master roster but were not in attendance for the month. The children were removed for February.
- 7 children, 2 from site 2, 2 from site 4 and 3 from site 9, were reclassified from free to paid.
- 2 children from site 2 were reclassified from reduced to free.
- 10 children, 4 from site 1, 1 from site 2, 3 from site 3, and 2 from site 11, were reclassified from paid to free.
- 2 children, 1 from site 1 and 1 from site 11, were reclassified from paid to reduced.

Kevin Noland, Interim Commissioner
Kentucky Department of Education

David Derringer, Owner
Southside Christian Day Care – 056-307-999

For March, the following was found:

- 8 children, 6 from site 12 and 2 from site 13, in attendance with enrollment forms dated for April, 1 classified as free and 7 classified as paid, were removed.
- 4 children, 1 from site 3 and 3 from site 9, were reclassified from free to paid.
- 3 children, 2 from site 2 and 1 from site 3, were reclassified from reduced to free.
- 22 children, 2 from site 1, 3 from site 2, 3 from site 3, 1 from site 8, 1 from site 9, 2 from site 10, 5 from site 11, 4 from site 12 and 1 from site 13, were reclassified from paid to free.
- 4 children, 1 from site 4, 2 from site 9 and 1 from site 11, were reclassified from paid to reduced.
- 1 child classified as free from site 4 was reported twice on the master roster. The duplicate was removed.
- 1 child without an enrollment form or income application from site 4, classified as free, was removed.

Fiscal Year 2006

	Free		Reduced		Paid	
	Claimed	Audited	Claimed	Audited	Claimed	Audited
October	527	537	79	81	304	281
November	553	547	82	79	278	285
December	553	557	87	90	261	252
January	601	603	86	86	281	277
February	559	558	79	79	274	265
March	564	583	82	83	298	269

Meal Counts and Components

We disallowed the following:

- 1,236 meals due to enrollment form errors.
- 1,621 meals due to menu and production record errors.
- 14 meals due to insufficient milk served.
- 108 meals due to insufficient milk purchased for site 4 in October and site 8 in February, as explained later in the report.

We noted errors in Form 17-9 resulting in an increase of 10 meals that were not claimed for reimbursement.

We adjusted the meal count to reflect the correction of these errors.

Kevin Noland, Interim Commissioner
Kentucky Department of Education

David Derringer, Owner
Southside Christian Day Care – 056-307-999

Fiscal Year 2006

	Breakfast		Lunch		Snack	
	Claimed	Audited	Claimed	Audited	Claimed	Audited
October	10497	10140	10146	9737	14042	13665
November	10279	10153	9458	9151	13334	13204
December	9157	9070	9989	9847	12301	12173
January	9711	9628	9434	9328	13113	13023
February	9593	9549	9332	9271	12823	12762
March	11210	11054	10841	10691	14885	14730

Allowable Operation And Administrative Costs

Operating and administrative costs reported by the sites were found to be adequately supported by documentation for the months reviewed with only minor exceptions. The exceptions did not affect the sites' ability to show operating costs in excess of reimbursements received for the months of October – March. For all months reviewed, the sites spent more than 50 percent of the received reimbursement on food. The sites did spend more than 50 percent of the received reimbursement on food for the whole year.

Low Income Requirement

The sites met the 25 percent low-income requirements for all months and based on those findings was considered eligible for participation in the Food Program for the engagement year.

Milk Purchased

The amount of milk purchased by sites 1 through 13 for November, December, January, and March was adequate to serve the number of meals reported on the record of meals served. The amount of milk purchased by site 4 for October and site 8 for February was not adequate to serve the number of meals reported on the record of meals served. It was determined by using the milk reconciliation form that site 4 was 5 gallons short and site 8 was 1 gallon short. Therefore, the meal count was adjusted as previously discussed.

The results of our findings are presented in the accompanying Schedule of Reimbursements. The "Reimbursements Received" column lists the amounts the Sponsor actually received from the Department of Education under the CACFP for the related months. The "Reimbursement per Review" lists the amounts the Sponsor was entitled to receive each month based on the auditor's review of attendance, meal counts and components, operating and administrative costs, and low-income requirements as described in the procedures above.

Because the above procedures do not constitute audits conducted in accordance with generally accepted auditing standards, we do not express an opinion on the Schedule of Reimbursements. This report relates only to the test areas specified above and does not extend to any financial statements of Southside Christian Day Care taken as a whole.

Kevin Noland, Interim Commissioner
Kentucky Department of Education

David Derringer, Owner
Southside Christian Day Care – 056-307-999

We were not engaged to, and did not, conduct an audit, the objectives of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Kentucky Department of Education and the CACFP Sponsor and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

August 15, 2007

Kevin Noland, Interim Commissioner
Kentucky Department of Education

David Derringer, Owner
Southside Christian Day Care – 056-307-999

**Southside Christian Daycare
Schedule of Reimbursements
Child Care Food Program
For The Period October 1, 2005 through September 30, 2006**

Month	Reimbursements per Review	Reimbursements Received	Amount Due To/(From) Sponsor
October	\$32,597.00	\$33,205.00	(\$608.00)
November	\$31,879.00	\$32,574.00	(\$695.00)
December	\$32,227.00	\$32,592.00	(\$365.00)
January	\$32,117.00	\$32,463.00	(\$346.00)
February	\$31,553.00	\$30,716.00	\$837.00
March	\$36,676.00	\$35,989.00	\$687.00
April	\$34,740.00	*	\$34,740.00
May	\$38,501.00	*	\$38,501.00
June	\$42,863.00	*	\$42,863.00
July	\$38,730.00	*	\$38,730.00
August	\$41,805.00	*	\$41,805.00
September	\$32,463.00	*	\$0.00
Totals	\$426,151.00	\$426,641.00	(\$490.00)

*Numbers not Reviewed