

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

Southside Christian Day Care - 056-307-999

**For The Federal Fiscal Year Ended
September 30, 2007**



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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 submitted for reimbursement under the Child and Adult Care Food Program (CACFP) for the federal fiscal year ended September 30, 2007, 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 audit 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 2006 - March 2007.
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 2006 - March 2007.

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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 2006 - March 2007. 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 2006 - March 2007.
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 2006 - March 2007.

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

Attendance and Classification

We found 352 errors in the classification of children in the free, reduced, and paid meal categories for the period reviewed. We found that 4 children were repeated on the master roster. We found 52 children without an enrollment form, but counted in attendance. We found 49 children who were in attendance and not on the master roster. We found 214 children on the master roster, but not in attendance. We found errors in the free, reduced, and paid totals from the master roster compared to what was claimed resulting in an increase of 128 free children, an increase of 5 reduced children, and a decrease of 103 paid children. The following is a breakdown of attendance and classification errors by month.

For October, the following was found:

- 26 children, 1 from site 2, 3 from site 4, 3 from site 5, 5 from site 6, 2 from site 7, 1 from site 10, 4 from site 11, 2 from site 12, and 5 from site 13 were reclassified from paid to free.
- 16 children, 1 from site 1, 4 from site 3, 2 from site 5, 1 from site 8, 5 from site 11, 2 from site 12, and 1 from site 13 were reclassified from reduced to free.
- 10 children, 2 from site 1, 1 from site 3, 2 from site 6, 1 from site 7, 2 from site 11, 1 from site 12, and 1 from site 15 were reclassified from paid to reduced.
- 1 child from site 6 was reclassified from reduced to paid.
- 4 children, 3 from site 9 and 1 from site 12 were reclassified from free to reduced.
- 5 children, 1 from site 7 and 4 from site 11 were reclassified from free to paid.
- 29 children, 7 classified as free, 1 from site 1, 1 from site 3, 3 from site 5, 1 from site 6, and 1 from site 12; 1 classified as reduced from site 8; and 21 classified as paid, 3 from site 4, 3 from site 6, 3 from site 7, 2 from site 8, 2

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For October, the following was found: (continued)

- from site 9, 2 from site 11, and 6 from site 13, were disallowed due to an enrollment form not signed by parent or missing.
- 18 children, 2 classified as free, 1 from site 1 and 1 from site 13; 2 classified as reduced, 1 from site 8 and 1 from site 15; 14 classified as paid, 2 from site 2, 6 from site 4, 2 from site 8, 1 from site 9, and 3 from site 12 were counted in attendance on the master roster but were not in attendance for the month. These children were disallowed for October.
- 2 children classified as free, 1 from site 1 and 1 from site 9 were in attendance but not counted on the master roster. These children were added for October.
- We noted errors in the free, reduced, and paid totals from the master roster compared to what was claimed resulting in an increase of 14 free children, an increase of 1 reduced child, and a decrease in 15 paid children.

For November, the following was found:

- 13 children, 1 from site 2, 1 from site 5, 2 from site 7, 1 from site 10, 1 from site 11, 2 from site 12, and 5 from site 13 were reclassified from paid to free.
- 7 children, 1 from site 1, 2 from site 3, 1 from site 5, 2 from site 11, and 1 from site 12 were reclassified from reduced to free.
- 1 child from site 1 was reclassified from paid to reduced.
- 1 child from site 6 was reclassified from reduced to paid.
- 5 children, 3 from site 9 and 2 from site 12 were reclassified from free to reduced.
- 10 children, 2 from site 1, 2 from site 7, 5 from site 11, and 1 from site 13 were reclassified from free to paid.
- 22 children, 8 classified as free; 1 from site 3, 3 from site 5, 1 from site 6, 1 from site 11, and 2 from site 12, and 14 classified as paid; 5 from site 4, 3 from site 6, 3 from site 7, 1 from site 8, and 2 from site 11, were disallowed due to an enrollment form not signed by parent or missing.
- 1 child classified as free from site 12 was repeated on the master roster. This child was disallowed once.
- 11 children, 3 classified as free; 1 from site 11, 1 from site 12, and 1 from site 13, 2 classified as reduced from site 8, and 6 classified as paid; 2 from site 2, 3 from site 8, and 1 from site 13 were counted in attendance on the master roster but were not in attendance for the month. These children were disallowed for November.
- We noted errors in the free, reduced, and paid totals from the master roster compared to what was claimed resulting in an increase of 62 free children and a decrease in 62 paid children.

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For December, the following was found:

- 13 children, 1 from site 2, 1 from site 5, 2 from site 7, 1 from site 10, 2 from site 11, 2 from site 12, and 4 site 13 were reclassified from paid to free.
- 19 children, 1 from site 1, 3 from site 3, 2 from site 4, 2 from site 5, 2 from site 10, 5 from site 11, 1 from site 12, and 3 from site 13 were reclassified from reduced to free.
- 7 children, 1 from site 1, 2 from site 6, 1 from site 7, 1 from site 12, 1 from site 13, and 1 from site 15 were reclassified from paid to reduced.
- 1 child from site 6 was reclassified from reduced to paid.
- 5 children, 3 from site 9 and 2 from site 12 were reclassified from free to reduced.
- 10 children, 2 from site 1, 2 from site 7, 5 from site 11, and 1 from site 13 were reclassified from free to paid.
- 12 children, 6 classified as free; 1 from site 3, 3 from site 5, 1 from site 6, and 1 from site 12, and 6 classified as paid; 1 from site 6, 3 from site 7, and 2 from site 11, were disallowed due to an enrollment form not signed by parent or missing.
- 19 children, 9 classified as free; 1 from site 2, 1 from site 3, 2 from site 5, 1 from site 7, 2 from site 11, 1 from site 12, and 1 from site 13, 5 classified as reduced; 3 from site 8, 1 from site 11, and 1 from site 12, and 5 classified as paid, 1 from site 7, 2 from site 8, 1 from site 11, and 1 from site 15 were counted in attendance on the master roster but were not in attendance for the month. These children were disallowed for December.
- 5 children from site 11, 2 classified as free and 3 classified as paid were in attendance but not counted on the master roster. These children were added for December.
- We noted errors in the free, reduced, and paid totals from the master roster compared to what was claimed resulting in a decrease of 7 free children and an increase of 7 paid children.

For January, the following was found:

- 11 children, 1 from site 2, 1 from site 5, 2 from site 7, 1 from site 11, 2 from site 12, and 4 from site 13 were reclassified from paid to free.
- 18 children, 1 from site 1, 3 from site 3, 2 from site 4, 2 from site 5, 2 from site 10, 5 from site 11, 1 from site 12, and 2 from site 13 were reclassified from reduced to free.
- 9 children, 1 from site 1, 2 from site 6, 1 from site 7, 2 from site 11, 1 from site 12, 1 from site 13, and 1 from site 15 were reclassified from paid to reduced.
- 1 child from site 6 was reclassified from reduced to paid.
- 5 children, 3 from site 9 and 2 from site 12 were reclassified from free to reduced.
- 9 children, 2 from site 1, 1 from site 7, 5 from site 11, and 1 from site 13 were reclassified from free to paid.

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For January, the following was found: (continued)

- 17 children, 7 classified as free; 1 from site 3, 3 from site 5, 1 from site 6, 1 from site 12, and 1 from site 17, and 10 classified as paid; 1 from site 6, 3 from site 11, and 6 from site 14, were disallowed due to an enrollment form not signed by parent or missing.
- 1 child classified as free from site 17 was repeated on the master roster. This child was disallowed once.
- 49 children, 30 classified as free; 2 from site 1, 1 from site 3, 8 from site 6, 1 from site 8, 8 from site 9, 3 from site 12, 2 from site 14, 3 from site 15, and 2 from site 17, 10 classified as reduced; 2 from site 8, 3 from site 11, 2 from site 12, 1 from site 13 and 2 from site 17, 9 classified as paid; 1 from site 1, 1 from site 3, 1 from site 6, 1 from site 8, 1 from site 9, 2 from site 11, and 2 from site 15 were counted in attendance on the master roster but were not in attendance for the month. These children were disallowed for January.
- 14 children, 6 classified as free; 5 from site 11 and 1 from site 13, and 8 classified as paid; 2 from site 3, 1 from site 6, and 5 from site 11 were in attendance but were not counted on the master roster. These children were added for January.
- We noted errors in the free, reduced, and paid totals from the master roster compared to what was claimed resulting in an increase of 27 free children and a decrease of 27 paid children.

For February, the following was found:

- 15 children, 1 from site 2, 1 from site 5, 2 from site 7, 1 from site 8, 4 from site 11, 2 from site 12, and 4 from site 13 were reclassified from paid to free.
- 14 children, 1 from site 1, 3 from site 3, 1 from site 5, 2 from site 10, 4 from site 11, 1 from site 12, and 2 from site 13 were reclassified from reduced to free.
- 11 children, 2 from site 4, 3 from site 6, 1 from site 7, 2 from site 11, 1 from site 12, 1 from site 13, and 1 from site 15 were reclassified from paid to reduced.
- 3 children, 1 from site 6 and 2 from site 17 were reclassified from reduced to paid.
- 5 children, 3 from site 9 and 2 from site 12 were reclassified from free to reduced.
- 13 children, 3 from site 1, 2 from site 3, 1 from site 7, 5 from site 11, and 2 from site 13 were reclassified from free to paid.
- 21 children, 12 classified as free; 1 from site 3, 3 from site 5, 1 from site 6, 2 from site 8, 3 from site 11, 1 from site 12, and 1 from site 17, and 9 classified as paid; 1 from site 6, 3 from site 11, and 5 from site 14, were disallowed due to an enrollment form not signed by parent or missing.
- 1 child from site 17 classified as free was repeated on the master roster. This child was disallowed once.

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For February, the following was found: (continued)

- 61 children, 50 classified as free; 1 from site 1, 3 from site 3, 7 from site 4, 2 from site 8, 4 from site 11, 4 from site 12, 2 from site 13, 3 from site 14, 5 from site 15, and 19 from site 17, 5 classified as reduced; 1 from site 4, 1 from site 9, 1 from site 12, 1 from site 13, and 1 from site 17, 6 classified as paid; 1 from site 3, 1 from site 11, 1 from site 15, and 3 from site 17 were counted in attendance on the master roster but were not in attendance for the month. These children were disallowed for February.
- 18 children, 11 classified as free; 5 from site 7, 4 from site 11, and 2 from site 13, 1 classified as reduced from site 7, and 6 classified as paid; 1 from site 9, 3 from site 11, and 2 from site 13, were in attendance for the month but were not on the master roster. These children were added for February.
- We noted errors in the free, reduced, and paid totals from the master roster compared to what was claimed resulting in an increase of 15 free children, increase of 2 reduced children, and an increase of 9 paid children.

For March, the following was found:

- 23 children, 3 from site 2, 1 from site 5, 8 from site 7, 1 from site 8, 4 from site 11, 2 from site 12, and 4 from site 13 were reclassified from paid to free.
- 14 children, 1 from site 1, 3 from site 3, 2 from site 4, 1 from site 5, 2 from site 10, 2 from site 11, 1 from site 12, and 2 from site 13, were reclassified from reduced to free.
- 12 children, 2 from site 4, 3 from site 6, 1 from site 7, 2 from site 11, 2 from site 12, 1 from site 13, and 1 from site 15 were reclassified from paid to reduced.
- 4 children, 3 from site 6 and 1 from site 17 were reclassified from reduced to paid.
- 5 children, 3 from site 9 and 2 from site 12 were reclassified from free to reduced.
- 13 children, 3 from site 1, 2 from site 3, 1 from site 7, 4 from site 11, and 3 from site 13 were reclassified from free to paid.
- 14 children, 9 classified as free; 1 from site 3, 3 from site 5, 1 from site 6, 2 from site 8, 1 from site 12, and 1 from site 17, and 5 classified as paid; 1 from site 6 and 3 from site 11, and 1 from site 17, were disallowed due to an enrollment form not signed by parent or missing.
- 1 child classified as free from site 17 was repeated on the master roster. This child was disallowed once.
- 56 children, 39 classified as free; 1 from site 1, 1 from site 4, 2 from site 6, 3 from site 11, 3 from site 13, and 29 from site 17, 8 classified as reduced; 1 from site 1, 2 from site 8, 1 from site 13, and 4 from site 17, and 9 classified as paid; 1 from site 1, 2 from site 2 and 6 from site 17, were counted on the master roster as in attendance, but was not in attendance for the month. These children were disallowed for March.

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For March, the following was found: (continued)

- 10 children, 5 classified as free and 5 classified as paid from site 17, were in attendance, but not counted on the master roster. These children were added for March.
- We noted errors in the free, reduced, and paid totals from the master roster compared to what was claimed resulting in an increase of 17 free children and a decrease of 17 paid children.

We adjusted the categories in the table below to reflect the correction of the attendance and classification errors for each month.

Fiscal Year 2007

	Free		Reduced		Paid	
	Claimed	Audited	Claimed	Audited	Claimed	Audited
October	551	591	82	77	289	224
November	599	654	92	88	295	210
December	653	650	87	74	230	220
January	724	734	101	86	338	290
February	737	711	94	91	304	294
March	724	716	95	86	309	265

Meal Counts and Components

We disallowed the following:

- 5,397 meals due to enrollment form errors.
- 2,292 meals due to menu and production record errors.
- 128 meals due to milk shortage from milk reconciliation.
- 390 meals due to meals exceeding attendance.

We noted calculation errors in Form 17-9 resulting in an increase of 570 meals that were claimed for reimbursement.

We adjusted the meal counts in the table below to reflect the correction of these errors.

Fiscal Year 2007

	Breakfast		Lunch		Snack	
	Claimed	Audited	Claimed	Audited	Claimed	Audited
October	11,340	10,655	10,508	9,647	15,182	14,484
November	11,219	10,863	9,904	9,501	14,308	13,972
December	9,912	9,633	10,237	9,854	12,966	12,698
January	14,519	14,126	13,065	12,498	17,933	17,569
February	13,180	12,866	11,955	11,652	16,216	16,039
March	14,045	13,628	12,379	11,878	17,283	16,951

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Allowable Operation And Administrative Costs

Operating and administrative costs reported by the Sponsor were found to be adequately supported by documentation for the months reviewed with only minor exceptions. The exceptions did not affect the Sponsor's ability to show operating costs in excess of reimbursements received for the months of October 2006 - March 2007. For all months reviewed, the Sponsor spent more than 50 percent of the received reimbursement on food. The Sponsor spent more than 50 percent of the received reimbursement on food for the whole year.

Low Income Requirement

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

Milk Purchased

The amount of milk purchased by Sponsor for sites 1-13, 15, and 17 for October 2006 through March 2007 was adequate to serve the number of meals reported on the record of meals served. The amount of milk purchased by Sponsor for site 14 for February was adequate to serve the number of meals reported on the record of meals served. The amount of milk purchased by Sponsor for site 14 for January was not adequate to serve the number meals reported on the record of meals served. It was determined by using the milk reconciliation form the site was 5 gallons 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 KDE under the CACFP program 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.

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.

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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, 2008

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Kentucky Department of Education

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**Southside Christian Day Care
Schedule of Reimbursements
Child and Adult Care Food Program
For The Period October 1, 2006 through September 30, 2007**

Month	Reimbursements per Review	Reimbursements Received	Amount Due To/(From) Sponsor
October	\$36,878.00	\$36,821.00	\$57.00
November	\$37,720.00	\$35,754.00	\$1,966.00
December	\$36,203.00	\$37,082.00	(\$879.00)
January	\$47,140.00	\$47,041.00	\$99.00
February	\$43,061.00	\$44,042.00	(\$981.00)
March	\$45,943.00	\$45,891.00	\$52.00
April	\$48,829.00	* \$48,829.00	\$0.00
May	\$53,939.00	* \$53,939.00	\$0.00
June	\$54,489.00	* \$54,489.00	\$0.00
July	\$50,609.00	* \$50,609.00	\$0.00
August	\$51,591.00	* \$51,591.00	\$0.00
September	\$31,389.00	* \$31,389.00	\$0.00
Totals	\$537,791.00	\$537,477.00	\$314.00

*Numbers not Reviewed

