



SOLANCO SCHOOL DISTRICT

December 3, 2007

"Our mission is to provide educational opportunities which enable all students to become contributing members of society."

Martin J. Hudacs, Ed.D.
Superintendent

Brian A. Bliss, Ed.D.
Assistant Superintendent

Timothy J. Shrom
Business Manager

CORRECTIVE ACTION PLAN

Oversight Agency for Audit:

The Solanco School District respectfully submits the following corrective plan for the year ended June 30, 2007.

Name and address of independent public accounting firm:

Trout, Ebersole & Groff, LLP
1705 Oregon Pike, Lancaster, PA 17601-9968

Audit period: Fiscal year ended June 30, 2007

The finding from the Schedule of Findings and Questioned Costs for the fiscal year ended June 30, 2007 is discussed below.

FINDING – FINANCIAL STATEMENTS AUDIT

#2007-1 Approval of Journal Entries

Statement of Condition – The Assistant Business Manager currently posts journal entries to the accounting system without further approval being required.

Recommendation – A draft of all journal entries should be approved by the Business Manager before posting. Records of such approvals should be maintained for review by auditors and the Board. The Business Manager could also review a monthly journal entry report for reasonableness and retrospectively approve the entries. Records of such a monthly review should also be maintained.

Action Taken – Journal entry reports will be forwarded to the Business Manager on a monthly basis for review and approval. The Business Manager will document his approval on the journal entry reports and maintain the reports for subsequent review by interested parties.

FINDING – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

#2007-2 Special Education – Grants to States
CFDA No. 84.027
Grant Period – Year Ended June 30, 2007

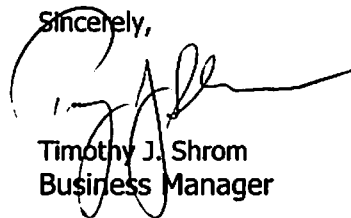
Statement of Condition – The School District was unaware of the compliance requirement regarding the maintenance of effort calculation. Auditors from Trout, Ebersole and Groff, LLP performed the required calculation and the School District was in compliance.

Recommendation – Procedures should be established to ensure that the required maintenance of effort calculation is performed on an annual basis.

Action Taken – The School District has been informed of the compliance requirement regarding the maintenance of effort calculation for Special Education – IDEIA grant funds. The calculation will be performed by the School District as part of its annual financial reporting and audit preparation procedures.

Any questions regarding this plan should be forwarded to Sandra Tucker, Assistant Business Manager at (717) 786-8401.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy J. Shrom', with a long horizontal flourish extending to the right.

Timothy J. Shrom
Business Manager