

**HENRY COUNTY BOARD
OF EDUCATION**

SINGLE AUDIT REPORT

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2010**

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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

**To the Superintendent and Members of the
Henry County Board of Education
McDonough, Georgia**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Henry County Board of Education as of and for the year ended June 30, 2010, which collectively comprise the Henry County Board of Education's basic financial statements and have issued our report thereon dated April 14, 2011. 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 Henry County Board of Education'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 Henry County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Henry County Board of Education's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 10-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Henry County Board of Education'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 Henry County Board of Education in a separate letter dated April 14, 2011.

The Henry County Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Henry County Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Superintendent and members of the Henry County Board of Education and 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.

Mauldin & Jenkins, LLC

Macon, Georgia
April 14, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Superintendent and Members of the
Henry County Board of Education
McDonough, Georgia**

Compliance

We have audited the compliance of the Henry County Board of Education 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 Henry County Board of Education's major federal programs for the year ended June 30, 2010. The Henry County Board of Education's major federal programs are identified in the summary of auditor's 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 Henry County Board of Education's management. Our responsibility is to express an opinion on the Henry County Board of Education'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. 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 Henry County Board of Education'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 Henry County Board of Education's compliance with those requirements.

In our opinion, the Henry County Board of Education complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of the Henry County Board of Education 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 Henry County Board of Education's internal control over compliance with 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 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 the Henry County Board of Educations' internal control over compliance.

A deficiency in 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 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.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Henry County Board of Education as of and for the year ended June 30, 2010, and issued our report thereon dated April 14, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Henry County Board of Education'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. 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 Superintendent and members of the Henry County Board of Education, others within the entity, and 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.

Mauldin & Jenkins, LLC

Macon, Georgia
April 14, 2011

HENRY COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Expenditures
U. S. DEPARTMENT OF AGRICULTURE:		
Passed through Georgia Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 2,073,665
National School Lunch Program	10.555	8,234,265
Total Child Nutrition Cluster		<u>10,307,930</u>
Other Programs:		
ARRA - School Lunch Equipment	10.579A	23,051
Total U.S. Department of Agriculture		<u>10,330,981</u>
U. S. DEPARTMENT OF DEFENSE:		
Direct Federal Award		
Junior ROTC	12.unknown	<u>551,138</u>
U. S. DEPARTMENT OF EDUCATION:		
Direct Federal Award		
Fund for the Improvement of Education	84.215	<u>470,730</u>
Passed through Georgia Department of Education:		
Title I, Part A Cluster:		
Title I, Part A	84.010	3,918,999
ARRA - Title I, Part A	84.389	889,499
Total Title I, Part A Cluster		<u>4,808,498</u>
Title II, Part A - Improving Teacher Quality	84.367	<u>751,413</u>
Title II, Part B - Mathematics & Science Partnerships	84.366	<u>273,463</u>
Title II, Part D - Enhancing Education Through Technology Cluster	84.318	<u>67,803</u>
Title III - Limited English Proficient	84.365	<u>158,529</u>
Title IV - Drug Free Schools and Communities	84.186	<u>83,027</u>
ARRA - State Fiscal Stabilization Fund Cluster	84.394A	<u>18,897,062</u>
Special Education Cluster:		
IDEA Flowthrough	84.027	6,057,870
ARRA - IDEA Flowthrough	84.391	4,929,335
IDEA Preschool	84.173	122,297
ARRA - IDEA Preschool	84.392	120,000
Total Special Education Cluster		<u>11,229,502</u>
Vocational Education - Basic Grants to States	84.048	<u>256,470</u>
Education for Homeless Children and Youth Cluster	84.196	<u>69,592</u>
Total U.S. Department of Education		<u>37,066,089</u>
Total Expenditures of Federal Awards		<u><u>\$ 47,948,208</u></u>

HENRY COUNTY BOARD OF EDUCATION

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Henry County Board of Education and is presented on the 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2. DONATED COMMODITIES

The Child Nutrition Cluster includes \$947,298 of non-cash expenditures in the form of donated food commodities.

HENRY COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:
 Material weaknesses identified? yes no

Significant deficiencies identified not considered
 to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:
 Material weaknesses identified? yes no

Significant deficiencies identified not considered
 to be material weaknesses? 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 OMB Circular
 A-133, Section 510(a)? yes no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	<u>Child Nutrition Cluster:</u>
	U.S. Department of Agriculture:
10.553	School Breakfast Program
10.555	National School Lunch Program
	<u>State Fiscal Stabilization Cluster:</u>
	U.S. Department of Education:
84.394A	ARRA - State Fiscal Stabilization Fund
	<u>Special Education Cluster:</u>
	U.S. Department of Education:
84.027	IDEA Flowthrough
84.391	ARRA – IDEA Flowthrough
84.173	IDEA Preschool
84.392	ARRA – IDEA Preschool
	<u>Title I, Part A Cluster:</u>
	U.S. Department of Education:
84.010	Title I, Part A
84.389	ARRA – Title I, Part A

HENRY COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

A. SUMMARY OF AUDIT RESULTS (CONTINUED)

Dollar threshold used to distinguish between
Type A and Type B programs: \$1,438,446

Auditee qualified as low-risk auditee? yes no

B. FINDINGS: FINANCIAL STATEMENTS AUDIT

10-1 Taxes Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The School System did not properly record property taxes receivable as of June 30, 2010 in the General Fund or Debt Service Fund.

Context: We addressed this matter with School System officials, and they were able to determine the appropriate balance of property taxes receivable as of June 30, 2010.

Effect: Audit adjustments to increase property taxes receivable by \$751,363, increase deferred revenues by \$7,624,647, increase the allowance for uncollectible taxes by \$22,716, and decrease property tax revenue by \$6,895,727 was required to be recorded in the General Fund. Audit adjustments to increase property taxes receivable by \$115,306, increase deferred revenues by \$2,338,975, and decrease property tax revenue by \$2,223,669 was required to be recorded in the Debt Service Fund as of June 30, 2010.

Recommendation: We recommend the School System begin recognizing and recording all necessary tax adjustments at the end of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding. Management will strengthen internal controls over taxes receivable to ensure accurate reporting.

C. FINDINGS: FEDERAL PROGRAMS AUDIT

None reported

HENRY COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

09-1. Error in Student Benefit Determination – Child Nutrition Cluster

Criteria: In accordance with the National School Lunch Program (CFDA 10.555), a child's eligibility for free or reduced meals under a Child Nutrition Cluster program may be established by submission of an annual application or statement which furnishes such information as family income and family size. School food authorities, institutions, and sponsors determine eligibility by comparing the data reported by the child's household to published income eligibility guidelines.

Condition: For the year ended June 30, 2009, we noted several instances in which the initial determination for eligibility was incorrect. Upon further investigation, it was determined the income eligibility guidelines scale was entered incorrectly into the benefit determination software.

Auditee Response/Status: Resolved